



Daily Report

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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General

Further on DPRK Withdrawal From Nuclear Pact

President Clinton Cited

OW1503233993 Beijing XINHUA in English
2326 GMT 15 Mar 93

[Text] Washington, March 15 (XINHUA)—U.S. President Bill Clinton said today he hoped that the Democratic People's Republic of Korea (DPRK) would reconsider its decision to withdraw from the Nuclear Non-Proliferation Treaty.

At a joint news conference with visiting Israeli Prime Minister Yitzhaq Rabin, Clinton said he was "very concerned and very disappointed" that the DPRK had decided to withdraw from the treaty.

"I hope that North Korea will reconsider its decision," Clinton said. "there are several weeks ahead when North Korea might reverse its decisions and I hope they will do so."

Clinton's comments came after an announcement by the DPRK on Thursday [11 March] that it was withdrawing from the treaty. Nations withdrawing from the treaty are bound by its terms for a 90-day transition period.

The announcement said the resolution adopted by the International Atomic Energy Agency in February to impose a special inspection of two military sites that have nothing to do with nuclear matters was a violation of the DPRK's sovereign rights and an interference in its internal affairs.

Under such circumstances, the announcement said, the DPRK can in no way continue to fulfil its obligations under the treaty and has to withdraw from the treaty in order to defend its supreme interests.

On Sunday, U.S. Defense Secretary Les Aspin said the U.S. intelligence community had conflicting views on whether the DPRK possesses nuclear weapons.

And U.S. Secretary of State Warren Christopher said on Friday that the United States might seek UN Security Council action against the DPRK if the decision is not swiftly reversed.

But Clinton said today, "I think there is a genuine impulse among the peoples of North Korea and South Korea, among the peoples to see a reduction in tension and an increase in commerce and communication and contact."

DPRK Envoy to IAEA Cited

OW1603034393 Beijing XINHUA in English
0234 GMT 16 Mar 93

[Text] Geneva, March 15 (XINHUA)—Ambassador Yi Chol of the Democratic People's Republic of Korea

(DPRK) today described his country's withdrawal from the Nuclear Non-Proliferation Treaty as an "inevitability."

Speaking at a press conference, Yi Chol, the DPRK's permanent representative to the International Atomic Energy Agency (IAEA), said the Agency's "special inspection" in the DPRK blocked the normal inspection and the negotiations on disputes.

"The world community will surely understand the inevitability of the measure vis-a-vis the world's sole superpower taken by our government, a small non-nuclear weapon state," he said.

He added, "it is the U.S. that turned the historical relaxation of the Korean peninsula situation into a sudden extreme tension."

Accusing the U.S. of resuming a military exercise with South Korea at a time when Russia is "no longer a threat to the U.S.," he said, "this clearly proves that this offensive exercise, the only one in the world, is aimed at the DPRK."

Speaking of a possibility of sanctions by the UN Security Council called for by the U.S. and some other countries, Yi noted sanctions will lead only to upsetting the equilibrium of strength on the peninsula.

Asked about the conditions to rejoin the treaty, Yi said the U.S. nuclear threat to his country should be "completely" eliminated and the dialogue between the IAEA and his country should be resumed with "impartiality."

Meanwhile, Director-General Vladimir Petrovskiy of the UN office in Geneva today "deplored" the DPRK's decision to withdraw from the treaty.

Petrovskiy said he expressed his "deep concern" when Ambassador Yi informed him of the decision last Friday [12 March].

He said he told the ambassador that the Nuclear Non-Proliferation Treaty is one of the basic elements of the system of international security, and that any problem could and should be solved within its framework and other international mechanisms.

Petrovskiy also urged the DPRK Government to reconsider its decision.

ROK Seeks Help With DPRK

OW1603092193 Beijing XINHUA in English
0830 GMT 16 Mar 93

[Text] Seoul, March 16 (XINHUA)—South Korean President Kim Yong-sam has told the Foreign Ministry to seek the help of the United States, Japan, China and Russia in persuading the Democratic People's Republic of Korea to accept nuclear inspection within three months.

Meeting Foreign Minister Han Sung-chu here today, he also urged that the DPRK reconsider its decision to withdraw from the Nuclear Non-proliferation Treaty [NPT].

Kim said that the DPRK was "disappointing the peace-loving Korean people in the South as well as people around the world, and seeking isolation". But it was not the desire of the South to see the North isolated in the world community, he added.

The DPRK announced last Friday [12 March] that it had decided to withdraw from the NPT to protect its "supreme interests" and sovereignty following the International Atomic Agency (IAEA) demand to inspect two nuclear sites there with a deadline of March 25.

The DPRK refused the IAEA demand, insisting that its nuclear program was for peaceful purposes only and the sites the IAEA wanted to inspect were military areas exempt from the treaty.

IAEA Official on 'Bullish' Nuclear Prospects

OW1603090693 Beijing XINHUA in English
0833 GMT 16 Mar 93

[Text] Manila, March 16 (XINHUA)—The International Atomic Energy Agency (IAEA) expects a bullish prospect for Asia in the development and application of nuclear power, a senior IAEA official said here today.

Qian Jihui, deputy director general of the IAEA, told XINHUA that the IAEA hopes the development of nuclear power in Asian countries will promote the usage of nuclear energy in the world.

Qian is here to attend the 15th working group meeting of Asia-Pacific Regional Cooperative Agreement (RCA) for research, development and training related to nuclear science and technology, which opened this morning.

"The IAEA supports the development and application of nuclear power though a number of problems have to be resolved," Qian said.

The IAEA deputy chief said the development of nuclear power slows down in industrialized countries as the public is anxious about the safety of nuclear energy.

"The economic slowdown in industrialized countries also has reduced the demand for nuclear power," Qian added.

However, he said, "Asian countries are quite active in developing nuclear power."

In Asia, Japan alone has 43 nuclear plants now in operation and is constructing more. South Korea has 9, India 7, China and Pakistan have 1 each and all of the countries are constructing or planning additional ones.

Clinton Gives 'Full' Support to Israel

OW1603000793 Beijing XINHUA in English
2319 GMT 15 Mar 93

[Text] Washington, March 15 (XINHUA)—U.S. President Bill Clinton today gave a full U.S. support to Israel's position on the Middle East peace negotiations in his meeting with Israeli Prime Minister Yitzhaq Rabin.

At a joint news conference after a 3-and-a-half-hour meeting at the White House, Clinton said he and Rabin agreed that a real, lasting, just and comprehensive peace must be based on UN Security Council Resolutions 242 and 338.

"It must involve full normalization, diplomatic relations, open borders, commerce, tourism and the human bonds that are both the fruits and the best guarantee of peace," Clinton said.

Without mentioning the principle of "the land for peace," especially the withdrawal of the Israeli forces from the occupied territories, on the basis of the Resolutions 242 and 338, Clinton said, "Israel's security must be assured. The Israeli people cannot be expected to make peace unless they feel secure."

Rabin said Israel would not negotiate a pullback in the strategic territory of the Golan Heights without knowing Syria's peace terms, and Clinton endorsed Rabin's demand.

During the last eight rounds of the Middle East peace talks, the Syrians insisted that Israel make a promise of full withdrawal from the Golan Heights that Israel occupied during the 1967 war in return for security and peace.

But the Israelis wanted a part withdrawal for a full peace with Syria, including full diplomatic relations, open borders, and exchanges of people and commerce. The Israelis also insisted in negotiations on the peace terms before on the withdrawal. [sentence as received]

On the Israeli-Palestinian negotiations, Clinton indicated he was not pushing Israel to ease its terms for the repatriation of 396 Palestinians deported by the Israeli Government last December from the occupied territories.

He said a compromise worked out between U.S. Secretary of State Warren Christopher and Rabin on February 1 "is the framework on which we are proceeding."

The Palestinians are demanding the immediate return of the deportees and no more deportations before reopening the ninth round of the peace talks, that the United States and Russia scheduled in Washington on April 20.

Clinton conceded there were difficulties to reopen the peace negotiations. But he said that he found "a lot of reasons to be hopeful" about chances for peace in

Middle East, and that Rabin had assured him he was "prepared to take risks for peace" and the U.S. role "is to minimize those risks."

Rabin said "We have heard today with satisfaction, Mr. President, your concept of the role of the full partner as an intermediary."

"We are ready for compromise, but compromises cannot be one-sided," Rabin said.

The two leaders, who met for the first time, also discussed issues to raise the bilateral relationship to a new level of strategic partnership, including the establishment of a joint science and technology commission and the bilateral security arrangements for next ten years.

Rabin especially appreciated the Clinton administration for its assurances to maintain the current aid level of 3 billion dollars a year to Israel and Israel's military edge over the Arabs.

Rabin, who arrived in Washington on Friday [12 March] for a ten-day visit, will also meet with U.S. congressmen, American Jewish leaders and UN Secretary General Butrus Butrus-Ghali.

U.S. President Reiterates Support for Yeltsin

OW1203192493 Beijing XINHUA in English
1822 GMT 12 Mar 93

[Text] Washington, March 12 (XINHUA)—U.S. President Bill Clinton said today dispute in Moscow between the parliament and President Boris Yeltsin "is within the bounds of legal authority" and he still looks forward to meeting the embattled Yeltsin early April.

Clinton made the remarks after the swearing-in ceremony of Attorney General Janet Reno.

Clinton said he would "work towards bolstering what he (Yeltsin) is trying to do because I believe it is the right thing to do."

In Moscow, the Russian Government declared Friday [12 March] that it would go ahead with the planned national referendum, possibly on April 25, even though the Congress had voted it out.

Earlier the same day, the Russian Congress voted by a majority of 656-181 to adopt "measures for the implementation of the constitutional reform" and cancel the April-11 national referendum.

Reports said Thursday that German Chancellor Helmut Kohl had written Clinton of Yeltsin's intention to possibly dissolve the Congress and assume emergency powers as a last resort.

Clinton and Yeltsin is scheduled to meet in Vancouver, Canada, on April 3-4.

Reportage on G-7 'Secret Meeting' in Hong Kong

Russian Deputy Premier Arrives

OW1303143493 Beijing XINHUA in English
1419 GMT 13 Mar 93

[Text] Hong Kong, March 13 (XINHUA)—Russian Deputy Prime Minister Boris Fyodorov arrived here this evening to meet officials of the Group of Seven (G7) leading industrial nations, who are here holding a secret meeting.

Asked if he is here to make a statement or look for political support or economic aid upon his arrival at the airport, the deputy prime minister said "no comments at this moment because we have to discuss things first."

In response to questions, he said economic situation in Russia is "quite bad at the moment." He described political situation there as being "very serious" but said "we have hope." As for President Boris Yeltsin, he said "he is okay. He will be fighting."

It is learnt that the Russian deputy prime minister will meet the G7 officials here tomorrow morning.

Details of the Hong Kong meeting are being kept secret, but it was widely believed that the G7 delegates are here to discuss matters about providing emergency aid to Russia and make preparation for the July summit of the Group of Seven leading industrial nations in Tokyo.

Russia's Reforms Supported

OW1403143993 Beijing XINHUA in English
1238 GMT 14 Mar 93

[Text] Hong Kong, March 14 (XINHUA)—The Group of Seven (G-7) nations provided a total of 12 billion U.S. dollars in financial assistance to Russia in 1992 and are determined to continue their support for economic reforms in that country this year.

Japanese Deputy Foreign Minister Koichiro Matsuura, chairman of a three-day G-7 officials meeting which ended here this morning, was speaking at a joint press conference with Russian Deputy Prime Minister Boris Fyodorov this afternoon.

The chairman said that the G-7 officials had a more-than-three-hour "very productive and interesting exchange of views" this morning with the Russian deputy prime minister who made a special trip to Hong Kong for the occasion last evening.

The Russian deputy prime minister said at the press conference that he had expressed the determination of the Russian Government to continue the policy of economic reforms during their discussion at Mandarin Oriental Hotel.

"My prime minister specifically asked me to convey a message that there is no reason for hysteria or any

feelings that everything is falling apart. This is not the case," the deputy prime minister said.

"We have political problems, but our government is fulfilling its function and we will continue to work as a tribune working. Of course, the political situation will play a role in future events," he said.

"Despite the political events in the last several days and the conclusion of the People's Deputies' Congress, the Russian Government has not changed its policy and will be continuing reforms as planned," he said.

"We've tried to explain here to the G-7 the current state of affairs in Russian economy, what actual measures were undertaken at the moment and are planned to be taken in the nearest future, and how external assistance factor could effect reforms," he said.

"I am quite satisfied with the talks. I think it was very useful and will lead to further much more practical discussions," he added.

Koichiro said, "we have reaffirmed the determination of our leaders to support Russia's economic reform process." He said that Fyodorov had repeatedly referred to the firm resolve of President Yeltsin to promote economic reform in Russia.

Asked whether the G-7 committed to helping Russia even though possibly the reform may be rolled back by government change there, he said, "that the G-7 helped Russia is closely linked with Russia's economic reforms and that's very clear in the package of assistance we announced."

On that basis, Koichiro said, the G-7 would continue its intense discussions and deliberation on concrete means and ways to support Russia's economic efforts.

He said that the G-7 meeting charged with preparing for the G-7 summit in Tokyo in July was held traditionally with no publicity. "We made an exception for this meeting because we decided to invite Mr. Fyodorov to come to Hong Kong to a meeting with us after the ending the G-7 meeting," he added.

Japanese Aid Possible

OW1603040993 Beijing XINHUA in English
0240 GMT 16 Mar 93

[Text] Tokyo, March 15 (XINHUA)—Despite a territorial dispute with Moscow, Japan will join major economic powers in a new effort to help reform in Russia, chief cabinet secretary Yohei Kono said Monday [15 March].

Kono told a news conference that Japan's policy of withholding large-scale financial aid to Russia does not prevent the country from contributing to a pledge by the Group of Seven major industrialized nations (G-7). Such a pledge could be the result of an emergency meeting of the G-7 which now is being studied.

"We plan to listen to G-7 debate and participate in arriving at a consensus," the government spokesman said when asked whether Tokyo's linking full-fledged economic aid to the territorial dispute would make it difficult for Japan to contribute to the possible G-7 aid plan.

Japan has said repeatedly it will not provide large-scale assistance to Russia before the dispute first is resolved. Tokyo is demanding the return of four small Russian-held islands off Japan's northernmost main island of Hokkaido.

Yuji Tanahashi's attitude Monday was described as cautious toward giving aid to Russia. Tanahashi is Japan's vice minister for international trade and industry.

Japan's offer of 1.8 billion U.S. dollars worth of trade guarantees so far has largely been ineffective because of bleak economic conditions in Russia, Tanahashi told reporters.

Kono and Tanahashi's comments followed a G-7 meeting in Hong Kong Sunday. At the meeting, an agreement was reached to study the possibility of holding an emergency G-7 summit to discuss ways to help Russia.

Li Peng Meets New Envoys From Five Countries

CM1503140193 Beijing XINHUA Domestic in Chinese
1549 GMT 13 Mar 93

[Text] Beijing, 13 Mar (XINHUA)—Chinese Premier Li Peng met with new ambassadors of five countries to China in Zhongnanhai this afternoon.

They are Bulgarian Ambassador Stefan Gaberov, Japanese Ambassador Kunihiro Michihiko, Finnish Ambassador Ilkka Ristimäki, Indian Ambassador Chandrasekhara Dasgupta and Ambassador of Myanmar [Burma] U Set.

Briefing the ambassadors on China's domestic situation, Li Peng described the forthcoming First Session of the Eighth National People's Congress and the First Session of the Eighth National Committee of the Chinese People's Political Consultative Conference as very important meetings, adding that they will be united and triumphant sessions.

The ambassadors wished the sessions a complete success. Li Peng said that the ambassadors will enjoy the support and help of the Chinese Government and Ministry of Foreign Affairs during their term.

On China's foreign policy, Li Peng stressed that China will, as always, pursue an independent foreign policy of peace and hope for a long-term and stable international environment and a stable surrounding environment in particular.

Delegate Addresses GATT Meeting in Geneva

OW1603035593 Beijing XINHUA in English
02:8 GMT 16 Mar 93

[Text] Geneva, March 15 (XINHUA)—A working group of the General Agreement on Tariffs and Trade (GATT) opened its 13th meeting here today, focusing on six main questions over the readmission of China.

They deal with agricultural and pricing policies, distribution of foreign exchange, unified implementation of the trade system, foreign trade management of enterprises, and standards for commodities' inspection.

It is believed that the concentrated discussion on these questions marks a positive step forward in the negotiations.

Dong Zhiguan, head of the Chinese delegation, gave a long and detailed explanation to the meeting.

He also said that China had sent invitations to GATT signatory states for negotiations on reduction of tariffs. Some of these had begun, or explicitly expressed their willingness to begin such talks.

Bilateral talks on tariff reductions would not only advance the whole process of the negotiations, but also facilitate the entry of the products from GATT states into China's market, Dong added.

On the agriculture question, Dong said that after rejoining GATT, China would undertake commitments concerning the tariffs reduction of related agricultural products in accordance with the relevant agreements reached during the Uruguay Round talks.

On the pricing policy, Dong said that a mainly market-adjusting mechanism had largely been formed in China.

Article Views 'Changes' in U.S.-UK Relations

HK1503070093 Beijing GUANGMING RIBAO in Chinese 8 Mar 93 p 7

[Article by Yang Zhiqing (2799 1807 3237): "Subtle Changes in U.S.-British Special Relationship"]

[Text] The British Isles are separated from other European countries on the continent by the English Channel and the Strait of Dover; and common language, history, and culture link Britain closely to the United States on the other side of the Atlantic Ocean. In particular, through World War II, a "special relationship" was established between Britain and the United States. Roosevelt and Churchill were the "best allies," and Reagan and Mrs Thatcher used to "be congenial with each other." Therefore, opinion in Europe always calls Britain a "Atlantic faction" and even says "Britain plays a role as the 'Trojan horse' for U.S. interests in Europe."

Nothing in the world will last forever. Recently, the special relationship between Britain and the United States has been undergoing "more and more perceivable

changes." A French newspaper pointed out that "an important page in the long annals of relations between the two countries is being slowly turned over." Some people in London said that "U.S.-British relations are going into a stage of being complicated and confusing."

Some people said that Britain's Conservative Party "stupidly had a hand in the U.S. presidential election and thus mired Britain in an embarrassing position." When John Major visited the United States before last Christmas, he could not meet with the president-elect of the United States. The British mass media held that this was because Clinton still "brooded" about Major's support for Bush during the election campaign. It would be a biased approach to explain relations between two countries according to personal feelings between two leaders. However, "it is obvious that a Republican president (in the United States) is closer to a Conservative cabinet (in Britain) than a Democrat president." A news analysis article by REUTER said bluntly that Democrat candidate Clinton's victory in winning election indicated that "the 12-year cozy allied relationship between the United States and the British Conservative Party had come to an end."

Some people said that Washington's proposal on reorganizing the UN Security Council greatly shocked the British Foreign Office, which regarded this as the first step toward the United States trying to "destroy" Britain's status as a permanent member of the UN Security Council. The status as a permanent member of the UN Security Council is one of the rare symbols of the former British Empire still being one of the world's big powers today. No wonder the British people cared so deeply about this.

Still, some people said that British people were discontented with Clinton's concern over the conflict in Northern Ireland. During his election campaign, Clinton tried to send a "special peace envoy" to Northern Ireland, but this was flatly rejected by the authorities in London. After winning election, Clinton still maintained his opinion on that issue. Britain finally made a concession under the condition that the role of the envoy was only limited to "fact finding." However, Britain still felt uneasy about that.

In addition, differences also exist between Britain and the United States on the Bosnian civil war and on the United States's decision to impose antidumping tariffs on iron and steel products from 19 countries, including the EC countries. Of course, people may regard all such differences as the end of "romanticism" in bilateral relations, but may also regard this as just a "temporary discord" between two friends. However, the impact of the changes in the world situation on the U.S.-British relationship must not be neglected. The end of the cold war has definitely weakened, to a large degree, the role of Britain as the "most loyal ally" of the United States in Europe. U.S. Ambassador to Britain Seitz said frankly: "Due to changes in Europe and in the world, relations between the United States and Britain are also bound to

change." "The real problem lies in whether there will still be similar interests between the United States and Britain in the world. So far, I am still not sure about this."

Britain's economic strength is continuously declining, and Britain is also gradually moving closer to Europe. This is also a major reason for changes in U.S.-British relations. The British weekly *THE ECONOMIST* recently pointed out: "Britain's real weight is rather insignificant: It accounts for only 5 percent of the global trade, 4 percent of the world's gross domestic product, and 1 percent of the world's total population." Now Britain only ranks fourth in terms of economic strength in Europe next to Germany, France, and Italy. A Gallup opinion poll on 21 February showed that "over one-third of British people could not think of anything that their country could be proud of."

As a representative of the "European faction," France grasped this opportunity to remind Britain that "Britain's interests coincide more with the interests of its European partners rather than with the interests of the United States," and Britain "can have the United States listen to its opinion only when it gains support from the Europeans." France stressed that Britain's future lies "precisely in Europe." In fact, Britain's trade with the other 11 EC members increased from 31 percent of its total foreign trade in 1971 to 54 percent at present; while its trade with the United States declined from 18 percent to 13 percent in the same period. Major changes have also occurred in Britain's public opinion. "Pro-American" opinion declined from 30 percent in 1970 to 23 percent today; while "pro-European" opinion rose from 21 percent to 54 percent. This may tell why Major was more willing than Mrs Thatcher to place Britain "in the community of Europe" and kept struggling for the ratification of the Maastricht Treaty.

Of course, Britain and the United States still share the "same strategic viewpoint" and are both worried about the strengthening of the Franco-German Axis. Therefore, it is impossible that any dramatic changes may occur in U.S.-British relations. However, some British people are worried whether the special relationship between Britain and the United States will be kept as in the past, and their worry is not groundless.

Article on 'Huge Losses' in Post-Cold War West
HK1503133093 Beijing RENMIN RIBAO in Chinese
 11 Mar 93 p 6

[Article by Feng Lin (3536 2651): "Dreams of a 'Peace Dividend'"]

[Text] Following the disintegration of the Soviet Union and the conclusion of the "cold war," some people in the United States and in Western Europe anticipated with optimism that the West would earn a handsome "peace dividend." That is, with the disappearance of military confrontation between the United States and the Soviet Union, they can reduce defense expenditures so leaving

a large sum of money for other uses. Now, a year has gone, and it seems that the "peace dividend" is nowhere to be found; while many people have raised the question: What price is to be paid for peace? What have defense cuts brought about? The UK's *INDEPENDENT* has even said that, as far as defense industries in the West were concerned, what the "peace dividend" had brought about was the reality of huge losses.

People originally estimated that the "peace dividend" would have three possible forms. First would be the domestic dividend, which would transfer defense expenditure to other purposes; second, military industrial production would be directly transformed into civilian production; third, the international dividend, foreign aid would increase in the wake of reductions in military expenditure. Some UN figures also calculated that the world could save \$200 to \$300 billion a year, hence a "new era" of providing foreign aid would dawn. However, such rosy dreams were quickly crushed by reality. An expert from the Stockholm International Peace Research Institute (SIPRI) said bluntly that the optimistic predictions were "absurd, and, at most, naive."

Of course, reductions in military expenditure, fundamentally speaking, play a positive role in promoting social and economic development, but the matter is often complicated and contradictory. The question is: regarding the huge military industry which has sustained the economy of the West for a long time, factories have been shut down and unemployment has risen abruptly because of reductions in military expenditure. Now, at a time when western countries are suffering economic recession or are experiencing slow economic recovery, industrial depression is undoubtedly like one disaster followed with another. For the West, the disadvantages, rather than the advantages, of the "peace dividend" have emerged. As stated by a U.S. periodical: "If you work in the defense industry, you palpitate with anxiety and fear when you see that the world is peaceful."

According to statistics, the U.S. defense industry has laid off 840,000 people since 1989, which is greater than the total staff employed by several big companies. In the next few years, the defense industry and its related departments will continue to cut staff, and the total number of unemployed could reach 2.6 million. Some industries, such as the shipbuilding industry, will thus "get bogged down in long-term recession." U.S. weapons production is concentrated in 10 states; now these areas have become the biggest victims of reductions in military expenditure, and the economy has suffered a most severe blow. In Europe, a Council of Europe study has said that at least 50 areas rely heavily on the defense industry. About 3 million workers in EC countries, whose livelihood relies on military industrial production, are now affected by falling military expenditure. Over the past few years, up to 10,000 defense workers in the United Kingdom have lost their jobs, and this is a major factor accounting for the recession in some areas of the UK. The defense industry in Germany has dismissed as many

as 180,000 personnel. According to estimates by SIPRI, the number of people employed by the European arms industry will fall by 33.3-50 percent.

The direct transformation of military industries into civilian production is easier said than done and cannot be successful in a short time. First, many western countries are undergoing economic recession and have no funds to readjust their structures. In addition, as this issue is all done in a hurry, some countries lack a well-conceived plan for reducing defense expenditure, and there is hardly any coordination between countries and industrial departments and the various countries. Transformation in this respect must hinge on new investment and markets, but these factors do not exist at present. For example, in the U.S. shipbuilding industry, the proportion of ships built for commercial purposes has been consistently low; in the aviation industry, the civil aviation market is in a state of depression and competition is fierce, so it is by no means easy to transform military industry into civilian industry. In brief, as stated by NIHON KEIZAI SHIMBUN: The path of transforming military industry into civilian industry is even more difficult than has been conceived.

Under such circumstances, will western countries take no steps to rescue continuously shrinking sectors of military industry which earn rich profits? Certainly not. The way out is to export arms. As quoted by the French newspaper LIBERATION, the first result of preventing a decline in the defense industry "precisely makes competition between arms dealers fiercer." At present, the United States is carrying out an "aggressive arms sale policy." Over the past few years, the United States has sold \$21 billion of arms to the Gulf area alone. German companies pursue a "strategy of taking the offensive," and their sales have been even greater than that of France, while the United Kingdom and France are no less weak and have striven to safeguard their own positions. The matter is precisely as depicted by a European newspaper: "The full-scale cold war now has become a sanguinary hodgepodge of regional conflicts. Today, about 30 to 50 wars are being waged all over the world, and several thousand people die and large amounts of arms and ammunition are used every day."

It seems that the "peace dividend" is still a dream, while the post-cold-war world is by no means tranquil.

United States & Canada

Secretary Aspin Recommends Closing 31 Bases

OW1203192293 Beijing XINHUA in English
1606 GMT 12 Mar 93

[Text] Washington, March 12 (XINHUA)—U.S. Defense Secretary Les Aspin recommended Friday [12 March] the closure of 31 major military installations, realignment of 12 others and shrinking of 122, reports said.

Aspin's recommendations were contained in a list delivered to members of the Congress in the morning.

He estimated that the move, if approved, would result in savings of 3.1 billion U.S. dollars each year beginning in 2000.

"Failure to close bases in line with reductions in budgets and personnel constitutes a double hit: Resources are drained into bases we don't need, and therefore are not available to buy the things we need," the defense chief said in a official statement accompanying the list.

Included in Aspin's closure list are two bases belonging to the Army, 23 in the Navy, four of the Air Force and two Defense Logistics Agency centers.

Aspin's list has yet to receive analysis by the General Accounting Office and the independent Defense Base Closure and Realignment Commission.

The Base Closure and Realignments Commission is to accept or modify the Aspin list before submitting it to President Bill Clinton.

Clinton must approve or reject the list without any change before sending them to congress by July 15.

If Clinton rejects the plan, the Closure and Realignment Commission must resubmit its recommendations to Clinton before August 15.

To ease the pain of the base closings and the cutbacks on the defense industry, Clinton announced Thursday that he would spend some 20 billion U.S. dollars in five years to retrain workers laid off from the industry and help promote the development of "dual-use technologies" as well as aid the communities hard hit by the shrinking of the defense budget.

Heavy bickering is expected in the Congress as lawmakers trying to limit the shock wave of base closure and realignment on their home states.

Further on Base Closure Plans

OW1203224993 Beijing XINHUA in English
2204 GMT 12 Mar 93

[Text] Washington, March 12 (XINHUA)—The United States will end or reduce operations at 29 more overseas military sites under the current plan to reduce the number of troops worldwide, the Pentagon said today.

This latest round of returns and partial returns to the host governments brings to 704 overseas installations where operations will be ended, reduced, or placed on standby—a 42 percent reduction of U.S. overseas sites since January 1990, the Pentagon said.

The tenth round of overseas site reductions includes four in the Netherlands, two in Britain, eight in Greece, 14 in Germany, and one in Okinawa.

The realignment of these installations will affect more than 2,200 military, 150 U.S. civilian, and 650 local national positions, the Pentagon said.

Since January 1990, more than 181 authorized positions have been eliminated by base returns or partial returns to host countries worldwide. These include 136,147 military, 12,612 U.S. civilian, and 32,779 local national positions.

The Pentagon said it was also reviewing an additional 32 sites in Europe for return or partial return to host governments. These would affect 4,580 U.S. military personnel, 760 U.S. civilians, and 670 local nationals.

'Roundup' on Issues for U.S. Attorney General

OW1203225193 Beijing XINHUA in English
2122 GMT 12 Mar 93

["Roundup" feature by Wang Jinhe]

[Text] Washington, March 12 (XINHUA)—Violent crime, drug trafficking, bombing of the World Trade Center and the future of the embattled FBI director are just several of the pressing issues facing Ms. Janet Reno as she becomes the country's top law enforcement official Thursday [11 March—as received].

Ms. Reno, 54, was sworn in this morning as the first woman attorney general in the American history. She was the first Democrat to run the 93,000-employee Justice Department in more than a decade and the last to finally complete Clinton's 14-member cabinet seven weeks following his swearing-in as President.

A graduate of the world renowned Harvard Law School, Reno has served as a state prosecutor of a Florida county for the past 15 years and her record and confirmation testimony during the two-day hearings were said to "portend great promise" at the U.S. Department of Justice, leading to high expectations.

While a number of policies waiting for her review, the February 26 bombing of the World Trade Center in New York City, which killed five people and injured some 1,000, and the continuing bloody standoff between federal agents and an armed religious cult in Texas since February 28, will focus Reno's attention immediately on day-to-day operations.

Reno, known for her tough position in targeting corruption cases, also must review Justice Department findings of unethical conduct by FBI Director William Sessions, including his taking FBI aircraft for personal trips and avoiding payment of taxes on the use of a government limousine.

Sessions has denied any impropriety and has campaigned to keep his job.

The report, released by former Attorney General William Barr as his parting shot, questioned whether Sessions should complete the last half of his 10-year term in office.

The FBI director can be removed only by the President, who must report to Congress on the reason for such a move. No director of the bureau has ever been dismissed.

President Clinton has said his attorney general, Reno, must review the report and Sessions' rebuttal before any decision is reached.

Reno will also be thrust into the continuing debate over gun-control and crime legislation.

Murders alone in the United States continued at epidemic proportions in 1992 when a record number of 26,250 people were killed across the country, the newspaper USA TODAY reported earlier.

The national prison population soared to more than 823,000 inmates at the end of 1991, up from 330,000 in 1980, a rise of some 150 percent, according to the paper.

FBI studies found 1.9 million violent offenses in 1991, a 45 percent increase since early 1982, the paper said today.

Nowadays, some 100,000 students go to school with guns because of increasing school violence and about 900 school teachers are threatened with bodily harm and nearly 40 percent would actually be physically attacked, according to the U.S. National Education Association which represents some two million American teachers.

Ms. Reno, known for her aggressiveness in enforcing laws and particularly in protecting children's rights, pledged to fight violent crimes and to do her utmost to make sure that all American children will grow strong and constructive.

Employment discrimination against women and minorities and failure to bring criminal prosecutions of corporate polluters are also on the full plate of issues facing Reno, known as an outspoken proponent of tough environmental enforcement.

As head of the agency that oversees immigration, Reno will be drawn into the controversy over the Clinton administration's decision to continue intercepting and turning back Haitians who try to sail for U.S. shores.

As a candidate, Clinton denounced the former administration policy as inhumane, but as President he has continued the practice while he searches for a long-range solution.

"Can Ms. Reno change this?" today's NEW YORK TIMES asked editorially. "Perhaps so," it added, for to this end, Reno has to "resist the pressures to which most others have too easily succumbed."

Central Eurasia

'Progress' in Arms Talks With CIS States

OW1603031193 Beijing XINHUA in English
0228 GMT 16 Mar 93

[Text] Moscow, March 15 (XINHUA)—The building of military confidence among China and four Commonwealth of Independent States (CIS) members highlighted discussion on the final day of the ninth round of negotiations on border arms reduction. Regarding the issue of reducing arms, there was certain progress.

Attending the round, which began on February 25, were delegations from China, Kazakhstan, Kyrgyzstan, Tajikistan and Russia. China's delegation was composed of military and diplomatic experts.

The round reportedly was carried on in a friendly and realistic atmosphere. Delegates from both sides exchanged views on the contents of certain agreements. The 10th round of talks is scheduled to be held in Beijing.

Andrey Nikolayev, first deputy chief of General Staff for both the Russian Army and Navy, met with members of the Chinese delegation during the talks.

Further on Russian Congress Emergency Session

Referendum Call Rejected

OW1303140393 Beijing XINHUA in English
1314 GMT 13 Mar 93

[Text] Moscow, March 13 (XINHUA)—The emergency session of the Congress of the People's Deputies ended here today, rejecting President Boris Yeltsin's latest call for a national referendum.

At today's session, the deputies again voted to cancel the referendum planned to be held on April 25, giving Yeltsin a further blow.

The resolution was quoted as saying that staging the referendum in the current circumstances would result in serious consequences and even collapse of the country. Yeltsin did not attend today's session.

The congress, at Friday's [12 March] session, had voted to reject the referendum and Yeltsin's power-sharing compromise, defying his appeal for support before the voting.

Furious Yeltsin walked out after the vote and his press secretary, Vyacheslav Kostikov, accused the parliament Chairman Ruslan Khasbulatov of deliberately pushing the congress towards a confrontation with the president.

The executive and congress have been locked in a power struggle over the past two years.

The eighth emergency session of the Congress, which opened here on Tuesday [9 March], was planned to

discuss whether to stage the national referendum and to decide who should rule the country, the president or the Congress.

Earlier before the session, Yeltsin had warned that he would take "extreme measures" if the "conservatives" assumed power during the session.

Yeltsin Walks Out of Congress

OW1203170593 Beijing XINHUA in English
1343 GMT 12 Mar 93

[Text] Moscow, March 12 (XINHUA)—President Boris Yeltsin walked out of the Congress of People's Deputies session here today after it had voted to cancel a proposed national referendum and rejected his compromise proposal on power-sharing, intensifying the struggle between them.

In an address to the on-going emergency session of the Congress, Yeltsin warned that cancellation of the Congress resolution on stabilizing the constitution system would topple the balance between the nation's executive and legislature.

He was quoted as saying that "I am fully in favour of the national referendum and I will assume full responsibility for its outcome".

However, the Congress overwhelmingly voted to cancel the April-11 referendum and rejected Yeltsin's compromise proposals on power sharing with the Congress, headed by Parliament Chairman Ruslan Khasbulatov.

Yeltsin's Press Secretary Vyacheslav Kostikov told reporters, after the walkout, "Khasbulatov is deliberately pushing the Congress towards a confrontation with the president and he wants to concentrate all the power in his own hands."

The executive and Congress have been locked in a power struggle over the past two years.

The eighth emergency session, which opened here on Tuesday [9 March], was planned to discuss whether to stage the referendum to decide who should rule the country, the president or Congress.

Earlier before the session, Yeltsin had warned that he would take "extreme measures" if the "conservatives" assumed power during the session.

Yeltsin Still Plans Referendum

OW1203192393 Beijing XINHUA in English
1509 GMT 12 Mar 93

[Text] Moscow, March 12 (XINHUA)—The Russian Government declared here today that it would go ahead with the planned national referendum, possibly on April 25, even though the Congress of People's Deputies had earlier voted it out.

First Deputy Prime Minister Vladimir Shumeyko told reporters today that it was unconstitutional for the congress to cancel the proposed referendum, which had already been declared.

Shumeyko, who is also chairman of the government's Committee on the Referendum, said it had resumed work today and he would meet leaders of the country's republics to discuss the issue.

Earlier today, the eighth emergency Congress had voted to cancel the referendum and rejected President Boris Yeltsin's compromise proposal on power-sharing, intensifying the struggle between him and the parliament headed by Chairman Ruslan Khasbulatov.

Shumeyko admitted that it would be very difficult to hold the referendum with the boycott of all the local supreme soviets, adding that the president may stage a national opinion poll instead.

Yeltsin walked out of the Congress after the voting and his Press Secretary Vyacheslav Kostikov accused Khasbulatov of deliberately pushing the congress towards a confrontation with the president.

It is reported that Yeltsin, Khasbulatov and the president of the Constitutional Court, Valeriy Zorkin, today held talks behind closed doors in an effort to break the deadlock, but no results have yet been released.

The executive and the Congress have been locked in a power struggle over the past two years.

The eighth emergency session, which opened here on Tuesday [16 March], was planned to discuss whether to stage the referendum and to decide who should rule the country, the president or Congress.

Earlier before the session, Yeltsin had warned that he would take "extreme measures" if the "conservatives" assumed power during the session.

Vows National Opinion Poll

*OW1303223093 Beijing XINHUA in English
1620 GMT 13 Mar 93*

[Text] March 13 (XINHUA)—President Boris Yeltsin would go ahead with the proposed national opinion poll, after the Congress session voted again to cancel the national referendum.

Sergey Filatov, director of the Presidential Office, told reporters today that the government's Committee on the National Referendum would become one on the national opinion poll.

He predicted that the domestic political crisis would further intensify after the emergency session of the Congress of the People's Deputies ended here today, which rejected President Yeltsin's latest call for a national referendum.

At today's session, the deputies again voted to cancel the referendum planned to be held on April 25, giving Yeltsin a further blow.

The resolution was quoted as saying that staging the referendum in the current circumstances would result in serious consequences and even collapse of the country. Yeltsin did not attend today's session.

The Congress, at Friday's [12 March] session, had voted to reject the referendum and Yeltsin's power-sharing compromise, defying his appeal for support before the voting.

Furious Yeltsin walked out after the vote and his press secretary, Vyacheslav Kostikov, accused the parliament Chairman Ruslan Khasbulatov of deliberately pushing the Congress towards a confrontation with the president.

The executive and congress have been locked in a power struggle over the past two years.

The eighth emergency session of the Congress, which opened here on Tuesday, was planned to discuss whether to stage the national referendum and to decide who should rule the country, the president or the congress.

Earlier before the session, Yeltsin had warned that he would take "extreme measures" if the "conservatives" assumed power during the session.

Presidential Aide on Congress

*OW1503134693 Beijing XINHUA in English
1328 GMT 15 Mar 93*

[Text] Moscow, March 15 (XINHUA)—An aide to President Boris Yeltsin accused Russia's Congress of People's Deputies today of having seriously deepened the imbalance of power and jeopardizing public order.

Vyacheslav Kostikov, the president's press secretary, charged that the Congress had chosen to violate the Constitution and directly confront the president "by denying the people the right to a free expression of will through a referendum."

Kostikov's statement said Yeltsin is deeply concerned by threats to democracy and reforms. It gave no indication of what action the president was planning, but said he would make it known "in the next few days."

The intention of the Congress to control television, radio, and other mass media had been clearly demonstrated, he said, as well as the aim of the Supreme Soviet leadership to orchestrate all congress proceedings.

According to Kostikov, the president is being asked by enterprises, social organizations and private citizens in all regions of Russia to "defend democracy and stop the communist restoration."

Meanwhile, parliament Speaker Ruslan Khasbulatov said today that the recently ended session of the Congress had strengthened the position of the federal government as the supreme administrator of state economy.

He stressed that the parliament will retain the right to make laws and supervise their implementation.

On Saturday the congress ended a four-day session during which it rejected virtually all Yeltsin's proposals, and in particular, a referendum to determine whether parliament or the president should rule the country.

Khasbulatov hailed the session as a triumph for stability and democracy in Russia.

Khasbulatov Aide Responds

OW1603023193 Beijing XINHUA in English
0206 GMT 16 Mar 93

[Text] Moscow, March 15 (XINHUA)—The Russian parliament today refuted President Boris Yeltsin's accusation that the outcome of the newly-ended emergency session of the Congress of People's Deputies had violated the Constitution and endangered public order.

Responding to a statement issued by Yeltsin's press secretary Vyacheslav Kostikov, Konstantin Zlobin, press secretary for the parliament chairman, Ruslan Khasbulatov, said today that the statement was "extremely inappropriate" when the outcome of the congress had received support over the past few days.

The eighth session of the Congress, held on March 10-13, had voted to cancel a planned national referendum on who should rule Russia and adopted resolutions designed to reduce the power of the presidency.

The presidency statement accused the congress of having seriously deepened the power imbalance in the country and jeopardized public order.

The tough statement, which was the first formal reaction from Yeltsin since the Congress ended on Saturday [13 March], also claimed it was attempting to concentrate power completely in the hands of the "Soviets," and stated that the president was deeply concerned by threats to democracy and reform.

Zlobin counterattacked by saying that it had become plainly clear that the congress, which strictly observed the constitution instead of the numerous and often contradictory presidential decrees, was the right guarantee for Russia's democratic achievement and development.

The so-called charges that the congress had brought political damage to the country, Zlobin continued, could be interpreted as resentment from people around the president over the restoration of the constitution.

'Roundup' Assesses Congress

OW1403181593 Beijing XINHUA in English
1228 GMT 14 Mar 93

[Unattributed "Roundup" feature]

[Text] Moscow, March 14 (XINHUA)—The emergency session of Russian parliament which ended on Saturday [13 March] has slashed President Boris Yeltsin's power, further increasing the country's political uncertainty in the future.

The Eighth Session of the Congress of People's Deputies, held here on March 10-13, voted on Friday [12 March] to reject a planned national referendum and Yeltsin's power-sharing compromise, defying his appeal for support before the voting.

On Saturday, the congress voted again to cancel the referendum scheduled for April 11, dealing a further blow to the president.

Meanwhile, it validated a suspended constitutional article designed to restrict the president's power.

Such an outcome of the Congress will undoubtedly have many indications in Russian politics.

Firstly, the power for a Russian president has been considerably weakened.

The executive and Congress have been locked in a power struggle for more than a year, which is focused on whether the country should be ruled by the president or parliament.

The Seventh Congress of People's Deputies held last December adopted a resolution to hold a national referendum on the issue in April 11 because a referendum has legal validity according to the Russian Constitution.

The newly-ended Congress session, however, reversed the resolution on Friday and described the move as "inappropriate" under the current situation, thwarting Yeltsin's attempt to seek public and legal support to impose a full presidential rule, and further, even stripping his power of conducting a national referendum by himself.

During the emergency session, Yeltsin also proposed to replace the current parliament with a bicameral legislature.

The congress not only refused to list the proposal on the agenda but also reaffirmed some constitutional articles designed to limit the power of presidency.

Under one of the articles, the president's power will be suspended once he attempts to dissolve any legally-elected state power organs or ban their activities.

This, in fact, deprived the president of the power to dissolve parliament or take emergency measures.

Secondly, the government's authority over the economy has been expanded.

Under the resolution on measures for constitutional reforms, the drafting and execution of anti-crisis programs in the economic and socio-economic fields are shifted under the authority of the government, and the Central Bank, which used to belong to the Supreme Soviet (or parliament), now comes under the government's control, with the Supreme Soviet having only a supervising role.

The decision has settled a long-standing problem that the government had no real power over the economy.

This emergency session of people's deputies was held at a time when political and economic crises in the country had further aggravated.

The outcome of the meeting was seen not merely as a power-sharing deal between the nation's executive and legislature.

Venjamin Sokolov, chairman of the Soviet of republics of the Supreme Soviet, said the outcome was not only conflicts between President Boris Yeltsin and Ruslan Khaslatov, president of the Supreme Soviet, it was also a reflection of the country's social development, Russia's crisis and the failure of former acting Prime Minister Gaydar's economic policies.

West Europe

Li Peng Meets Dutch/Shell Petroleum Delegation

OW1303164893 Beijing XINHUA in English
1334 GMT 13 Mar 93

[Text] Beijing, March 13 (XINHUA)—Chinese Premier Li Peng met with Dr. J. Jennings, managing director of the Royal Dutch/Shell Group of companies, and his party here today.

Jennings and his party are here to discuss issues concerning a large-scale petrochemicals project in the South China Sea, jointly launched by the Shell Group and five Chinese enterprises or departments.

The two sides signed an agreement on feasibility research for the project in July 1991.

Li said during the meeting that the two sides have had effective co-operation over the past one and a half years, and the feasibility research has been going smoothly.

He said that the Chinese Government has all along supported the project because it is in line with the country's opening policy. He added that the project will play an important role in China's economic construction after its completion.

Li told the visitors that the project's location, Huizhou city in the Pearl River [Zhu Jiang] Delta in south China, enjoys rapid economic development and good market prospects.

The premier said that the five Chinese shareholders are competitive and he believed they will become good partners. He expressed the hope that the two sides will establish a joint venture featuring top-class technology and management, the highest efficiency and best products.

Jennings said that the Shell Group is positive and sincere about its co-operation with China. He said much progress has been made since the beginning of the project and he is confident that the feasibility research will be completed at an early date.

He said that the Shell Group will pursue close and sincere co-operation with China.

Liu Shuqing Receives German Assembly Leader

OW1403144393 Beijing XINHUA in English
1150 GMT 14 Mar 93

[Text] Beijing, March 14 (XINHUA)—Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs (CPIFA), met with Helmut Becker, vice-president of the Federal Assembly of Germany, here today.

Becker and his party came to Beijing Sunday [14 March] at the invitation of the CPIFA.

During the meeting, Liu briefed the visitors on China's reform and open policy, and the country's economic construction.

The two sides also exchanged views on the development of Sino-German relations, especially their economic and trade ties.

Qiao Shi, Becker Discuss NPC

OW1603125093 Beijing XINHUA in English
1220 GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Chinese Communist Party leader Qiao Shi and visiting German Federal Assembly Vice-President Helmut Becker today agreed that more efforts should be made to further cooperation between the law-making bodies of both countries.

Qiao, a Standing Committee member of the Political Bureau of the party's Central Committee, had an hour-long discussion with Becker on bilateral ties and other issues of common interest, including the situation in Asia and Europe, according to Chinese officials.

Qiao briefed the visitor on the ongoing first session of the Eighth National People's Congress (NPC) which opened Monday [15 March] and stressed the importance of cooperation between the NPC and the Federal Assembly.

Noting that China and Germany enjoy good relations, Qiao expressed the hope that the two countries will continue to push forward their ties in various fields, especially trade and economic cooperation.

Becker, who arrived in Beijing Sunday, described China as an important stabilizing factor for Asia. He said that he will continue to work to strengthen the ties between the federal assembly and the NPC and expand cooperation with China in various forms.

Present at the meeting were Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs, and the German Ambassador to China, Armin Freitag.

In the last two days Becker has had talks with Liu Shuqing, Vice-Foreign Minister Jiang Enzhu, and Vice-Minister Gu Yongjiang of foreign economic relations and trade. Becker is scheduled to tour Shanghai tomorrow.

Li Lanqing Receives Portuguese Commerce Minister

*OW1403144693 Beijing XINHUA in English
1205 GMT 14 Mar 93*

[Text] Beijing, March 14 (XINHUA)—Li Lanqing, Chinese minister of foreign economic relations and trade, met with Portuguese Minister of Commerce and Tourism Fernando Faria de Oliveira, here today.

The two ministers exchanged views on the development of economic and trade relations between the two countries.

De Oliveira, leading a government delegation of economy and trade, arrived in Beijing Saturday [13 March] at the invitation of China's Ministry of Foreign Economic Relations and Trade.

A group of Portuguese economists and entrepreneurs came with the delegation.

Delegation Discusses Trade

*OW1503034593 Beijing XINHUA in English
0319 GMT 15 Mar 93*

[Text] Beijing, March 15 (XINHUA)—A Chinese economic and trade delegation headed by Gu Yongjiang, vice-minister of foreign economic relations and trade, and a Portuguese economic and trade delegation headed by Fernando Faria de Oliveira, minister of trade and tourism, held talks here today.

Both sides reviewed accomplishments in economic and trade co-operation between the two countries and expressed their hopes for further development of bilateral economic and trade relations.

Greek Premier Holds Talks With Deng Nan

OW1603052693 Beijing XINHUA Domestic Service in Chinese 2133 GMT 16 Mar 93

[By reporter Li Chenggui (2621 2052 6311)]

[Text] Athens, 15 Mar (XINHUA)—During a meeting with Deng Nan, vice chairman of the Chinese State Science and Technology Commission, Greek Prime Minister Mitsotakis said that Greece is willing to serve as a bridge between China and the EC in developing relations between the two sides.

Deng Nan arrived here on 13 March as head of a Chinese science and technology delegation to the fifth conference of the Sino-Greece Mixed Commission for Bilateral Science and Technology Cooperation.

In the meeting, Mitsotakis said: Relations between Greece and China have always been good, and we are willing to develop relations with China in every field. He indicated his wish to take further steps to promote cooperation in science and technology between the two countries.

He said: "I admire China's courage and determination in reform and opening up. China's reform has earned worldwide praise. Greece is willing to serve as a bridge between China and the EC in developing their relations."

It was learned that China and Greece will sign a summary of minutes on the fifth conference of the Sino-Greece Mixed Commission for Bilateral Science and Technology Cooperation on 17 March. Deng Nan and her party will leave here for home on 18 March.

Eighth National People's Congress

NPC Role Increases With Market Economy Growth

*HK1503043093 Beijing CHINA DAILY in English
13 Mar 93 p 4*

[Article by Chen Xiao: "NPC Set To Guide Trade Policy and Hold Down Deficit"]

[Text] The introduction of market economy is pushing China's National People's Congress (NPC)—the country's parliament—to the fore in a government supervisory role.

The establishment of a market economy requires the government to maintain highly clear and uniform policies across the country, to phase out administrative interference in the economy at the micro level and create a fair competition environment on the macro level.

"That demands an increasing role on the part of the NPC to oversee the government and ensure that it complies with the market economy's requirements," said Dong Fureng, a member of the Standing Committee of the NPC and vice-chairman of the NPC's Financial and Economic Committee.

The NPC had long been referred to jokingly as "a rubber stamp." "But it has now turned from coyness toward courage in the political arena," Dong added.

The tuning of the market economy has created a chance for the NPC to oversee the government's economic functions more closely, though it still has a long way to go to become a real watchdog over the government.

The Congress now exercises supervision over the government's drawing up and enforcing of fiscal budgets and long-term planning. "The sources of revenue and ways of expenditure will be more transparent under the supervision of the NPC," Dong said.

He predicted that the financial deficit for 1992 is expected to be 23.75 billion yuan (\$4.14 billion), which does not include domestic and foreign debts. That is 14.7 percent higher than the budgeted figure of 20.7 billion yuan (\$3.61 billion).

The deficit at the central level was 20.64 billion yuan (\$3.60 billion), which was successfully controlled under the budget.

In addition to the robust 12 percent growth rate of the gross domestic product (GDP), successful control of the deficit may put a feather in the cap of the central government.

But bad fiscal news came from the local levels. They suffered 3.11 billion yuan (\$541 million) in deficits. Since local finances cannot obtain overdrafts from the central bank, they have had to run on loans or specialized allocations. That is one reason for last autumn's serious round of local government IOUs, mainly to

farmers. Those deficits will result in a vicious cycle if not paid and brought under control.

"Some local governments even pull tricks to exaggerate their deficits so they can bargain with the central government to lower their contractual obligations to the central coffers," Dong said. "The Congress must put the squeeze on local governments to avoid such unhealthy behaviour."

In spite of overheating in some sectors, Dong said, last year's economy was generally healthy, as evidenced by continuing public confidence in reform and increasing foreign investment.

The pending congress is expected to fix the GNP 1993 growth rate at around 10 percent and the authorized deficit will likely be slightly smaller than last year's budgeted figure. The figure proposed by the Ministry of Finance is 20.5 billion yuan (\$3.6 billion), the congressman said.

In addition to supervising the government's control over the economy, the NPC will oversee and urge on the government's fight against growing corruption among government officials who take advantage of their administrative power to reap individual profits.

Corruption will make the government's economic performance inefficient and cause market chaos.

The central government has begun a campaign to nip the increase in corruption. For instance, recently it set out to suppress trends toward companies formed by government administrators and land speculation.

Meanwhile, the NPC will promote the reform of the administrative system, which will be a major topic at the next week's congress. It is a knotty problem, since reform will alter the political pattern and rearrange interests and power. But the reform is imperative.

Another major task for the congress is to speed up the process of drawing up basic laws concerning the market economy.

"Legislation is lagging behind the exploration of the market economy," the congressman said.

The following types of legislation are in the brewing stages: corporation law, security trading law, banking law, tax law, budget law and fair competition law.

In addition, the NPC will consider more than ever the balancing of various interests among different social strata and different localities.

New influences, such as private businessmen, have entered the congress. They will struggle in behalf of their interests.

"The upcoming congress will no doubt inject energy into the continuity of reform and further consolidate the reformers' camp," Dong said. "I've felt the breath of spring."

Businessmen Interviewed on National Meetings

OW1203180393 Beijing XINHUA in English 1311
GMT 12 Mar 93

[Text] Beijing, March 12 (XINHUA)—Owners and managers of non-state enterprises and self-employed persons in Beijing expect the coming national meetings will give a boost to their businesses.

People of this group interviewed by XINHUA say the current situation in China is favorable for the development of non-state enterprises and express the hope that the coming sessions of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) will work to make the situation still better.

Wang Wenjing, chairman of the privately-owned Yongyou Electronic Finance Technology Company, said private enterprises have advantages such as flexible management and a clear definition of property rights, enabling them to have an edge in competitions against state, collective and other enterprises. Though most private enterprises are of a small scale, they have bright prospects, he said.

He admitted there are disadvantages for private enterprises such as fund shortages and social bias against the private sector. He expressed the hope that the state will help clear development barriers for private enterprises and help them survive and develop in fair competition.

An owner of a shoe shop in the Xidan market told XINHUA he has over 100,000 yuan in personal savings, a considerable sum in China. "Without the good policies of the state, I would have remained in the jobless rank," he said. He expressed the hope that the state will further relax controls over the private sector and cut taxes for private businesspeople.

Ma Yuankai, deputy director of the Private Economy Department of the State Administration for Industry and Commerce, said he knows about problems faced by the self-employed. He calls for the NPC to enact a private economy law to ensure a healthy development of the private sector.

China adopted the policy of encouraging the development of private and individual businesses 14 years ago.

The country's private economy has developed rapidly since Deng Xiaoping's famous south China tour last spring. By the end of 1992 China had 15.3 million individual businesses with a workforce of 24.6 million and 140,000 registered private enterprises employing 2.3 million people.

Li Yuanzhu, deputy general manager of the Beijing Jeep Corporation Ltd., the first Chinese-foreign joint venture in the country's automotive industry, expressed the hope that the NPC would enact laws aimed at further improving China's investment environment.

Li noted some foreign-funded enterprises suffer from overlapping functions and poor management, traits of a considerable number of state enterprises. He expected the NPC and CPPCC will promote reform of foreign-funded firms, that will provide solutions for such urgent issues as personnel management and wealth distribution.

NPC Deputy Pays Respect at Mao Zedong Memorial

OW1203153393 Beijing XINHUA in English 1418
GMT 12 Mar 93

[Text] Beijing, March 12 (XINHUA)—Two long queues were lined up in front of the Gate of the Memorial Hall of Chairman Mao in Tiananman Square, central Beijing, early this morning as usual.

But, what was different was a middle-aged man with flowers in his hands.

He is Guo Jianping, a deputy to the Eighth National People's Congress (NPC) from the hometown of the late chairman.

Guo, secretary of the party committee of Shaoshan township, Shaoshan City, Hunan Province, said that he arrived in Beijing yesterday. The first thing he wanted to do was to pay respect to the remains of Chairman Mao. "I, on behalf of the 15,000 people of Shaoshan township, pay respect to the remains of Chairman Mao."

Guo presented flowers in front of the marble status of Chairman Mao in the front hall and gazed at the remains in the crystal coffin with great reverence.

Afterward, he told XINHUA that great changes have taken place in the hometown of Chairman Mao in recent years. The township has 15 rural enterprises. The per capita income reached 1,100 yuan last year, leading the rural areas of Hunan Province. "I think he would have been glad to learn all this," he added.

He said that it was a pity that he did not see Chairman Mao when Mao visited Shaoshan in 1959. "I was eight years old that year," he said.

He also said that Shaoshan played host to 1.2 million visitors in 1992 while a growing number of people from Shaoshan pay respect to Mao's remains. "Today I have met 80 peasants from Shaoshan to pay respect to the remains," he said.

The deputy from the hometown of Chairman Mao said that the Chinese people's reverence for Chairman Mao lasts so long because Mao Zedong is really great. "Of course Mao Zedong is a man rather than god. Man is not immune from mistakes," he said.

Guo said that the hometown of the late Chinese leader will organize a series of activities to commemorate his 100th birth anniversary, including building a giant bronze status of Chairman Mao, erecting a stele forest carved with Mao's poems and holding a symposium on

Mao Zedong Thought. Moreover, a foundation stone laying ceremony will be held on his birthday—December 26—for construction of the Mao Zedong Library, which will collect books Mao had read, Mao's works and their translations of various versions and works on study of Mao Zedong.

HK Deputies Condemn Draft Legislation Decision

OW1303152493 Beijing XINHUA in English 1509 GMT 13 Mar 93

[Text] Beijing, March 13 (XINHUA)—Some Hong Kong deputies to the National People's Congress (NPC) today condemned British Hong Kong authorities' decision of gazetting the draft legislation on arrangements for the 1994/95 election in Hong Kong based on Chris Patten's constitutional package.

They said that the action has sabotaged the basis for the Sino-British negotiation and will adversely affect Hong Kong's economy.

Twenty-four of the 33 Hong Kong deputies to the NPC arrived in Beijing this afternoon to attend the first session of the Eighth NPC which will open on coming Monday [15 March].

In an interview with the XINHUA reporter at the Beijing Airport, Tsang Hin Chi, vice-chairman of the Chinese General Chamber of Commerce and advisor on Hong Kong affairs, said the purpose of the British Hong Kong authorities which gazetted the draft legislation on arrangements for the 1994/95 election in Hong Kong yesterday is to press the Chinese Government to accept the reality through legislative procedures. But, it is impossible to attain their purpose, he added.

He said the move has violated the Sino-British Joint Declaration, the Basic Law and the agreement and understanding already reached between the Chinese and British sides.

The move has not only sabotaged the basis for the Sino-British negotiations but also will adversely affect the local economy, people's livelihood and the public confidence in the future of Hong Kong.

Tsang also said it is inappropriate and impossible for the British Hong Kong authorities' intention to include Hong Kong Government officials as full members of the British delegation in negotiation with the Chinese Government, because the Hong Kong issue is a question between the Chinese and British Governments and the negotiation should be held between the two sovereign states.

Ms. Lin Yiu Chu, advisor on Hong Kong affairs and a noted lawyer in Hong Kong, said though many Hong Kong people were shocked by the British Hong Kong authorities' gazetting the draft legislation on election arrangements, she was not surprised because she had never trusted the sincerity of the British Government.

She expressed the hope that the Chinese Government will adopt systematic measures to ensure smooth transition of sovereignty in 1997 no matter the British Government is cooperative or not. "Only the implementation of the Basic Law can guarantee stability and prosperity of Hong Kong," she said.

Lee Chark Tim, president of the Hong Kong Federation of Trade Unions, said Hong Kong Governor Chris Patten publicized the constitutional package without consultation with the Chinese Government. The move has violated the the agreement and understanding reached between Chinese and British Governments. The essence is whether agreements reached between the two governments should be abided by and whether the two sides should cooperate, and it is not an issue of democracy, he said.

There are only four years left before China restores the sovereignty over Hong Kong. If the smooth transition is not ensured, Hong Kong's economic prosperity will be affected, which will deal a direct blow on the livelihood of the working class in Hong Kong, said the Hong Kong president of the Federation of Trade Unions.

Taking of 'Necessary' Measures Urged

OW1503155893 Beijing XINHUA in English 1541 GMT 15 Mar 93

[Text] Beijing, March 15 (XINHUA)—Thirty-two deputies to China's Eighth National People's Congress (NPC) from Hong Kong and Macao, who are attending its first session here, made a statement tonight calling on the Chinese Government to take all necessary contingent measures in view of the grave situation in Hong Kong.

The statement is as follows:

We, deputies to the Eighth National People's Congress from Hong Kong and Macao regions, strongly denounce Hong Kong Governor Chris Patten for his grave acts of repeatedly trampling on Hong Kong's popular will, sabotaging Sino-British cooperation, and disrupting a smooth transfer of power and a smooth transition in Hong Kong. We firmly support the Chinese Government's correct, resolute and principled stand as stated by Premier Li Peng in his report on the work of the government: Now, the British side has created new obstacles for Sino-British cooperation on the issue of Hong Kong; the British Government shall be held exclusively responsible for serious consequences arising from its latest action.

We firmly believe that the Chinese Government has the will and the ability to implement the Sino-British Joint Declaration, and ensure the implementation of the Basic Law. In view of the present grave situation in Hong Kong, we suggest that the Chinese Government take all necessary contingent measures and get prepared to ensure a smooth transfer of power and a smooth transition in Hong Kong. We call on compatriots in Hong Kong to unite and work together, clear the obstacles and

make their contributions to the prosperity and stability in Hong Kong and its smooth return (to the motherland).

'Dissidents' To 'Bombard' NPC on Reform

HK1303024093 Hong Kong SOUTH CHINA
MORNING POST in English 13 Mar 93 p 11

[Article by Willy Wo-lap Lam]

[Text] Dissidents and other democracy advocates will bombard the authorities with calls for a faster pace of democracy during the period of the National People's Congress (NPC).

Chinese sources said dissident intellectuals in cities including Beijing and Shanghai had made public their petitions to the Communist Party to speed up democratization.

Students from four universities in Beijing will early next week present the congress with the results of a public opinion survey on various aspects of reform.

Sources in Shanghai said yesterday veteran activist Mr Yang Zhou had sent a letter to the NPC asking for a major revision of the Chinese Constitution.

Mr Yang, the organizer of the famous "democracy salon" at Fuxing Park in Shanghai, indicated the congress, which is scheduled to amend the 1982 constitution next week, should drop the Four Cardinal Principles from the charter.

The principles, including Communist Party leadership, Marxism-Leninism, and Mao Zedong Thought, have been China's "state ideology" for decades.

Friends quoted Mr Yang as saying: "The constitution of such a big country as China should be free of contradictions.

"Marxism and Mao Thought run counter to market reforms which the country has already embraced."

Mr Yang also indicated that if Maoism retained its place in the constitution, leftists would have a pretext to revive such Maoist abominations as the Cultural Revolution.

The veteran activist added that since the constitution was for the whole of China, not just the Communist Party, the principle of party leadership should be dropped.

Mr Yang's letter, together with a message he had earlier sent party chief Mr Jiang Zemin on the need to abolish the crime of "counter-revolutionary" activities, is being circulated among 100 intellectuals in the form of a "private communication".

Chinese sources said other dissidents would present petitions to Beijing or stage non-violent political actions during the two-week NPC session, which opens in Beijing on Monday.

Meanwhile, students from Beijing University, People's University, Qinghua University and Beijing Normal University are tabulating the results of a poll on student opinion on issues ranging from political reform to the Olympics.

A campus source said yesterday the survey, based on the opinions of 1,660 college students, showed Chinese intellectuals were critical of the Communist Party holding up political liberalization.

"Most students say Beijing should open up more channels for participation in politics, and that market reforms will only succeed if accompanied by political changes," the source said.

Beijing Student Group Plans Appeal

HK1603025593 Hong Kong SOUTH CHINA
MORNING POST in English 16 Mar 93 p 10

[Report by Chris Yeung in Beijing]

[Text] A group of Beijing university students are to appeal to the leadership for comprehensive political reform—citing strong demands for greater political participation revealed in a survey. The students plan to forward their findings from a study of four leading universities to the delegates of the NPC [National People's Congress] and the Chinese People's Political Consultative Conference.

Mr Zhou Hu, an organizer and law student at the People's University, said: "We want to make sure that democratic development will move forward and that the rights of citizens will be protected." Mr Zhou said the students would also draw the Government's attention to the widening gap in income among the various regions and among the haves and have-nots. They would also demand the strengthening of the rule of law.

Mr Zhou said the students would press for more concern to be shown to the importance of education, including the status and conditions of intellectuals. Findings of the students' survey, which had 1,660 respondents, were posted on the notice boards of the People's University on Saturday [13 March]. But copies of the survey were soon removed by the authorities.

Mr Zhou said he believed the "mood inside campuses would hot up again" particularly in Beijing University this autumn. That is the time when the one-year military training will be abolished and the first-year class at Beijing University will be doubled.

About 48 percent of the survey respondents said they wanted to have political participation but found no channels to do so. Most of the respondents were critical of the problems arising in the course of economic reforms. About 60 percent said moral standards had lowered since the introduction of reforms. Only about 14 percent said the market-oriented reforms had progressed smoothly and prospects were good.

More than 80 percent said reforms remained at the superficial level, that they lacked supporting policies and that the prospects were unclear. About 62 percent said although the basic needs of the people had been met, China remained far away from reaching the goal of "small-scale plenty". About 11 percent said the problem of meeting the basic needs of clothing and food still remained unresolved.

Wang Dan Ordered Out of Beijing During NPC

HK1503022293 Hong Kong THE STANDARD in English 15 Mar 93 p 3

[Report by S.L. Law]

[Text] The Chinese authorities have ordered its most prominent student dissident, Wang Dan, to leave the capital to avoid him causing trouble or becoming a focus of the press during the National People's Congress (NPC) and Chinese People's Political Consultative Conference (CPPCC) meetings.

Wang, who left last Wednesday [10 March] with his six-member extended family for southern Hainan province, had said he would ask public security authorities to send him to Hong Kong.

The former student leader had predicted technical problems for security forces to send him into temporary exile.

"I am unemployed and I am not a student. It would be difficult for them to send me out for a business trip as they had done to the war reparation campaign leaders during the Japanese Emperor Akihito's visit last October," Wang said.

Sources said security forces solved the problem by also sending out his family members.

"The expenditure for their trip is supposed to come from the Revolution History Museum where Wang's mother works. But the money actually comes from the Public Security Bureau," a source said.

The trip, which would mean three weeks for six people to stay in hotel rooms with return air tickets, would cost the bureau thousands of dollars.

"The (police) wanted to stop him from talking to the foreign press, so they gave him a vacation and 3,000 yuan (HK\$5,250)," a friend said.

Since Wang's release he has continued to advocate radical political reform and last week informed authorities that he would serve as an "opposition force" inside China.

Family members confirmed Wang had arrived in Hainan's provincial capital of Haikou on Saturday and would return to Beijing next month.

During sensitive visits or political events, Chinese authorities frequently use internal exile for high-profile

dissidents whom they want to silence but cannot afford to imprison because of their fear of international pressure.

Hundreds of foreign journalists have converged on Beijing for the congress.

Xinjiang Group's Condolences on Death of Wang Zhen

OW1403150393 Beijing XINHUA in English 1328 GMT 14 Mar 93

[Text] Beijing, March 14 (XINHUA)—The Xinjiang delegation to attend the First Session of the Eighth National People's Congress (NPC) expressed condolences on the death of Vice-President Wang Zhen at his home today.

Song Hanliang, secretary of the Xinjiang Uygur Autonomous Regional Committee of the Communist Party of China (CPC), said to Wang Jiqing, widow of Wang Zhen, "I, on behalf of the people of the 11 nationalities in Xinjiang, offer you the condolences.... We will live up to the expectations of Wang Zhen and develop Xinjiang."

Wang Zhen was once secretary of CPC Xinjiang Sub-Bureau, acting commander and political commissar of the Xinjiang Military Area Command. Following the direction of the CPC Central Committee, he led the troops to reclaim the wasteland and made outstanding contributions to economic and cultural development of the region, strengthening unity among all nationalities in Xinjiang and safeguarding the unity of the motherland.

"We Xinjiang people will always remember him," said Anudun Niyaz, chairman of the Standing Committee of the Regional People's Congress.

'Official' Journal Says Yang Shangkun To Retire

HK1403075093 Hong Kong AFP in English 0722 GMT 14 Mar 93

[Text] Beijing, March 14 (AFP)—Chinese President Yang Shangkun, 86, is to retire at the beginning of this week's session of the National People's Congress (NPC), China's parliament, the official Beijing Review [BEIJING ZHOUBAO] confirmed Sunday. Yang is widely expected to be replaced by Jiang Zemin, 66, who will assume the presidency in addition to his roles as secretary-general of the Chinese Communist Party (CCP) and head of the Army.

Wan Li, current president of the NPC, also will step down, the review said. He is expected to be replaced by Qiao Shi, former head of the secret police. Qiao is one of the seven members of the PCC's politburo—the real seat of power in the country.

Paper Comments on PLA Delegation to NPC

HK1503105593 Hong Kong MING PAO in Chinese 15 Mar 93 p 6

["Special dispatch" from Beijing by MING PAO news team: "Power Issue Within the Army Is the Greatest Hidden Danger After Deng Xiaoping's Death"]

[Text] After Yang Baibing was stripped of his military post, the senior level of the Army experienced a great reorganization, and the purge mainly involved the young officers of army and divisional levels. In addition, Jiang Zemin moved to put his close followers from Shanghai in the Beijing Garrison Command and the Armed Police Headquarters. Grievances generally emerged in the Army. Some people even predict that after Deng Xiaoping dies, the Army will become the "greatest hidden danger" to political stability in China.

According to an authoritative informed source, Jiang Zemin still has no prestige or power in the Army, and the actual control over the Army is the hands of Deng Xiaoping, who imposes his will through Liu Huaqing. Liu Huaqing and Zhang Zhen are very old and will retire in three years; by then, the danger will emerge.

In addition, the People's Liberation Army [PLA] delegation to the Eighth National People's Congress [NPC] has been formed, and Liu Huaqing, vice chairman of the Central Military Commission, is head of the delegation. Zhang Zhen, vice chairman of the Central Military Commission, and Yu Yongbo, director of the General Political Department, serve as deputy heads of the delegation. Liu Huaqing said at the delegation's founding ceremony that the Eighth NPC will have an "important and profound" impact on China's current reform, construction, and even the whole modernization. According to information, Deng Xiaoping, a member of the delegation, has requested leave of absence.

The PLA delegation is the largest delegation to the Eighth NPC. Excluding Deng Xiaoping, who has requested leave of absence, it has 266 persons, who are divided into eight small groups. Deng Rong (using the name Xiao Rong), Deng Xiaoping's daughter, is also a member of the delegation.

Liu Huaqing pointed out in his speech that the PLA deputies to the NPC are there to represent several million officers and men. He demanded the deputies "closely surround the congress" topic, grasp the key points of the Congress, and seriously examine the documents of the Congress. He asked the PLA deputies to emancipate the mind, think, and offer more "constructive ideas and proposals."

According to source, at the current round of Congress, the PLA deputies are most concerned about the increase in military expenditures and the problem of young cadres in the Army after the "overthrowing of Yang Baibing."

Army Budget To Increase

HK1503040693 Hong Kong SOUTH CHINA MORNING POST in English 15 Mar 93 p 9

[Report by Willy Wo-lap Lam]

[Text] The People's Liberation Army (PLA) will get a 13.5 percent increase in its budget, despite a record deficit in national funds of 23.75 billion yuan (HK\$31.99 billion) last year.

And senior military leaders have lobbied for a stronger army in anticipation of the debate on the defence budget at the National People's Congress (NPC).

According to Finance Minister Mr Liu Zhongli's provisional 1993 budget to the NPC, a copy of which was obtained by the South China Morning Post, the army will get an allocation of 42 billion yuan for 1993.

The increase in the military budget for 1992 was 12 percent.

Defence analysts said the rise was in line with a decision made by the party's Central Military Commission (CMC) last year, that the PLA's budget would increase by at least 10 percent throughout the 1990s.

In anticipation of possible opposition to the increase, army leaders have spoken out on the need for a stronger army.

The Chinese media yesterday quoted the CMC Vice-Chairman, General Liu Huaqing, as telling a foreign delegation that China needed to "strengthen its defence capabilities" to meet the challenge of an "increasingly complex international situation".

According to Mr Liu's report, China's budget deficit for last year was 23.75 billion yuan, compared with 21.11 billion yuan for 1991.

Because, under the Chinese accounting system, the borrowings incurred last year of 69.30 billion yuan were classified as "earnings", the actual budget deficit was 93.05 billion yuan.

But even by the Chinese practice, the budget deficit for last year was 2.96 billion yuan more than the original estimate.

The projected deficit for 1993 is 20.50 billion yuan, even though economists say Beijing will be hard pressed to meet this target.

Mr Liu, who will appear before the NPC tomorrow, says in his report that the total income for 1992 was 427.85 billion yuan, while total expenditure was 451.60 billion yuan.

He attributed the overflow to an "excessive" increase in expenditure both at central and local levels, and he called on cadres of all levels to exercise more financial discipline.

For example, state subventions to money-losing state enterprises last year were 22.15 billion yuan, or 2.3 billion above the original estimate.

In addition, 14.54 billion yuan was spent on farm subsidies and 22.95 billion yuan on research and development for enterprises.

Also, 43.67 billion yuan was spent on repayment of foreign and domestic loans.

Because both central and local governments were responding to patriarch Mr Deng Xiaoping's call for faster development, "capital construction", including outlays incurred in starting new plants and opening new development zones, was 167.9 billion yuan in 1992.

Because of the need for budgetary restraint, Mr Liu has not promised hefty increases in such vital sectors as agriculture and social services.

While tax from industrial and commercial activities in 1992 increased by 12.6 percent, analysts expect the Finance Ministry to lobby for more levies both on enterprises and on local governments.

Beijing TV Reports NPC Preparatory Meeting

OW1403220793

[Editorial Report] Beijing Central Television Program One Network in Mandarin, in its "National News Hookup" program at 1100 GMT on 14 March, broadcasts a two-minute report on the preparatory meeting of the First Session of the Eighth National People's Congress [NPC]. The announcer notes that the preparatory meeting, which was held earlier in the day at the Great Hall of the People, was chaired by Wan Li, chairman of the Seventh NPC Standing Committee.

The video opens with long shots of the Great Hall of the People and then cuts to show medium shots of a seated Wan Li in a black Mao suit. It then shows medium shots of Tian Jiyun, Qiao Shi, Li Peng, Jiang Zemin, Zou Jiahua, Qin Qiwei, and other unidentified participants standing in silence at Wan Li's request to mourn the death of Chinese Vice President Wang Zhen. The video then switches back to show medium shots of Wan Li reading from a script.

According to the announcer, Wan Li declared that the First Session of the Eighth NPC will open on 15 March and that the "basic guiding thought for the session will be to take Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line as the guide; to further emancipate our minds; to seek truth from facts; to fully implement the guidelines of the 14th national party congress; to vigorously advance reform, opening up, and modernization; to promote socialist democracy and the legal system; and to create a new situation for building socialism with Chinese characteristics."

The video shows medium shots of Li Peng and Jiang Zemin seated together and smiling while Wan Li is speaking. It also shows medium shots of Qiao Shi seated beside Li Peng and long shots of other unidentified participants.

The announcer notes that the meeting has elected the 176-member Presidium and appointed Tian Jiyun secretary general of the First Session of the Eighth NPC. He adds that the meeting also adopted the agenda of the First Session of the Eighth NPC.

Beijing TV Covers NPC Presidium Meeting

OW1403215093

[Editorial Report] Beijing Central Television Program One Network in Mandarin, in its "National News Hookup" program at 1100 GMT on 14 March, broadcasts a two-minute report on the first meeting of the Presidium of the First Session of the Eighth National People's Congress [NPC]. The announcer notes that the meeting, which was held at the Great Hall of the People on the morning of 14 March, was initially presided over by Wan Li, chairman of the Seventh NPC Standing Committee.

The video opens with long shots of a conference room and then cuts to show medium shots of Wan Li in a black Mao suit and seated at a long table. The video then shows medium shots of Hu Jintao, Wang Hanbin, Chen Muhua, and Tian Jiyun also seated at the long table and identified by nameplates placed in front of them. The video also shows medium shots of more participants, including Liu Huaqing, Li Peng, Jiang Zemin, and Zou Jiahua.

The video shows Wan Li standing up, embracing Qiao Shi, and shaking hands with Hu Jintao and Wang Hanbin. It shows medium shots of Qiao Shi, wearing a grey Mao suit and reading from a script. According to the announcer, the meeting, which was later chaired by Qiao Shi, approved the agenda of the First Session of the Eighth NPC and the namelist of executive chairmen of the first session. According to the announcer, the meeting also selected the deputy secretaries general of the session; decided on the procedures for voting on motions submitted to the First Session of the Eighth NPC; adopted draft procedures for the selection of members for special committees of the Eighth NPC by the First Session of the Eighth NPC; and accepted nominations for membership on the Law Committee and the Financial and Economic Committee of the Eighth NPC. The announcer goes on to note that the meeting also decided on deadlines for submitting motions.

The video shows medium shots of Zou Jiahua, Li Tieying, Ding Guangen, Zhu Rongji, Jiang Zemin, Li Peng, Liu Huaqing, Li Lanqing, and Yang Baibing, who is seen wearing a black Mao suit. The video goes on to show more medium shots of unidentified participants and ends by showing long shots of the conference hall.

Beijing Radio on Spokesman's News Conference
OW1603030093

[Editorial Report] Beijing Central People's Radio Network in Mandarin at 1100 GMT on 14 March, in a special program on the First Session of the Eighth National People's Congress [NPC] and the First Session of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC], carries 17-minute recorded excerpts of a news conference given by Zhou Jue, press spokesman for the First Session of the Eighth NPC, at the Great Hall of the People on the morning of 14 March.

After briefing reporters on the preparatory meeting of the First Session of the Eighth NPC, the session's agenda, and the first meeting of the session's presidium, Zhou Jue begins to answer reporters' questions.

First, a XINHUA reporter raises a question about the recent election of provincial governors and vice governors, and about the features of the election of the current NPC deputies. Regarding the election of NPC deputies, Zhou Jue says: "Voter turnout was quite high, exceeding 90 percent." In describing how the election was conducted, he says: "One feature of the election of the current NPC deputies is the way matters were handled in accordance with the law, and democracy was fully practiced." In explaining the reason why some people were not elected, he says: "Because it was a multi-candidate election, it followed that some people were elected while others were not."

A reporter from Taiwan's CHUNG KUO SHIH PAO asks a question about the mainland government's Taiwan policy and its objectives, and the planned visit to Beijing by the secretary general of Taiwan's Straits Exchange Foundation [SEF]. After stressing that there is only one China and that Taiwan is an inalienable part of China, Zhou Jue says: "Our consistent stand is that we support and welcome all words and deeds that are conducive to reunification, and we resolutely oppose all words and deeds that hamper reunification. We also hope people of all circles in Taiwan will do more practical things for the development of relations between the two sides of the strait and for the process of the motherland's reunification." He is not heard to comment on the SEF official's planned visit to Beijing.

A RENMIN RIBAO reporter then asks a question about China's political reform. Zhou Jue replies: "The main contents and objectives of the reform of China's political system are to develop socialist democracy; to refine the socialist legal system; and to improve the country's fundamental system—that is the system of people's congresses—and the CPC-led system of multiparty cooperation and political consultation." He also elaborates on existing measures aimed at reforming the country's political system, saying: "We will not practice the multiparty and parliamentary systems of Western countries, nor will we mechanically copy the models of foreign countries."

In answering a HONG KONG ECONOMIC JOURNAL reporter's question about whether the current NPC session will include discussion of the constitutional provisions concerning the formula of one country and two systems, Zhou Jue briefly explains existing provisions in the Constitution concerning this issue, saying: "I personally think that there is no need to add any provisions concerning one country, two systems. Naturally, if a deputy tables a motion on this issue, the NPC will address it."

Finally, responding to a HONG KONG SHEUNG PO reporter's question on whether the concurrent assumption of more than one post by some provincial leaders following this year's local end-of-term elections is an indication that China is making some adjustments to the reform of its political system, Zhou Jue replies: "Everybody knows that the CPC is China's ruling party. Putting party leaders in important government positions at all levels is natural; this is also a common practice in other countries."

The recorded excerpts of Zou Jue's news conference conclude at 1117 GMT.

XINHUA on Sidelights to NPC Session

OW1503124993 Beijing XINHUA in English 1152
GMT 15 Mar 93

[Text] Beijing, March 15 (XINHUA)—During the 30 minutes prior to the opening of the National People's Congress, close to 3,000 deputies gathered in the huge lobby of the Great Hall of the People, awaiting the opening of the annual session. Many were sought out by reporters, who are constantly after inside stories or anecdotes.

Eye-Catching Deputies From Minority Ethnic Groups

Owing to their colorful costumes, deputies of 55 ethnic minority groups were particularly eye-catching in the lobby. Ou Yangzhen, a 27-year-old deputy of Miao nationality from southwest China's Guizhou Province, had a hard time breaking away from crowding reporters. In addition to her Miao-style garment, she was wearing silver ornaments weighing nine kilograms in total, which she said were handed down from her grandmother.

"I'm very excited and fully aware of my duties," said Ou, a newly-elected deputy and township head. "Among other things election of top state leaders is most important."

Ou's seven-month-old baby, who came to Beijing with her, was left at the hotel, taken care of by the grandmother, who made a special trip here.

Well-Known Figures Asked To Sign F.D.C

Almost as a standing practice, better-known deputies were asked to autograph the first day covers (F.D.C.) by philatelists in the lobby. Of those the sought-after signers today were Zhang Shan, an Olympic gold winner for

disc-shooting: Wang Mingchuan, a Hong Kong movie star; Xu Xin, a former deputy chief of General Staff of the Chinese People's Liberation Army; and Cui Yueli, a former minister of public health.

Finance Minister Confronted by Press

Liu Zhongli, minister of finance, was surrounded by crowds of reporters, who bombarded him with a host of questions: will the state finance be improved this year? How much will be this year's price hikes? What reform measures will his ministry adopt this year? Liu said that he could respond to some of the questions, asking the reporters to find out the answers in his report to be delivered tomorrow.

A Rare Couple of Deputies: Husband and Wife

Deputies Zhang Mingtai and Cao Zhengxiang, who are husband and wife from central China's Hunan Province, walked into the Great Hall of the People hand in hand. The husband is mayor of Changsha, the provincial capital, while the wife is a senior engineer in a local petro-chemical corporation.

"I seldom had the luxury to travel with my wife away from work, and certainly never dreamed of attending the NPC session together with her," said Zhang, attending the NPC session for the first time. Though the wife is a re-elected deputy and must have been in the Great Hall for at least dozens of times, she was apparently a bit bashful in taking her husband's hand in the public.

Deng's Daughter: Target of the Press

No sooner had Deng Rong, Deng Xiaoping's daughter, stepped into the Great Hall, when she drew a thick ring of Chinese and foreign reporters.

A Hong Kong correspondent asked: "Is Mr. Deng Xiaoping well? Does he live a regular life?" Deng Rong, a deputy from the Army's delegation, replied that "his health is very good and his everyday life very regular."

Asked to comment on the Hong Kong Government's gazetting of Chris Patten's constitutional package, the junior Deng said "our government has voiced a clear-cut position. Personally, I believe that the British Government will have to bear all the consequences."

Ministers Responsive to Press

The seats reserved for ministers of the government, which were nearest to the rostrum, were fully occupied. Approaching the ministers, many reporters tried their luck with off-handed questions, which generally focused on the restructuring of government organs. To their delight, brief but concrete answers indeed came from those in charge of relevant departments.

According to sources, the ministers will all stay in Beijing during the NPC session and expect to respond to possible questions from the deputies.

Attention From the Second-Floor

Anna C. Chennault, a well-known American social activist, was among the first to arrive at the visitors' seats on the second floor, which were reserved for foreign diplomats, journalists and dignitaries. "I'm very excited to witness the opening of the NPC session," Madam Chennault said, adding she attended the opening session of the Chinese People's Political Consultative Conference (CPPCC) the day before.

Citing the things that interest her most, she called the "fresh" and "younger" faces appearing at this year's NPC and CPPCC sessions "a delightful sight to see."

The interest of Michael Wang, a reporter of the CHINA TIMES from Taiwan, is more specific. He wants to see how the mainland will go about reforming the financial sector.

For Vladimir Kulikov, Beijing-based chief correspondent of TV and radio broadcasting Russia, new measures of political reform deserve more attention, because "the Russians have learned quite a lot about China's economic reform and now want to know how the country will go ahead with the political dimensions of the reform program."

Early-Goers

Shortly after Premier Li Peng mounted the forum to deliver the government report quite a few rose from the seats for foreign correspondents on the second floor, mostly holding mobile telephones.

Motohiko Kitahara, a bureau chief of the Japanese NIHON KEIZAI SHIMBUN, found a quiet place in the lobby and spoke to the phone for a full 10 minutes. Then, he hurried back to the meeting hall.

Another foreign reporter, standing not far away, obviously was frustrated in transmitting his news story by the mobile telephone. After dialing for a few minutes to no avail, he simply ran down the stairs, apparently going back to his office to finish the work.

Beijing TV Relays Opening of Eighth NPC

OW1503070093

[Editorial Report] Beijing Central Television Program One Network in Mandarin at 0056 GMT on 15 March begins coverage of the opening of the First Session of the Eighth National People's Congress [NPC] at the Great Hall of the People in Beijing.

After the screen shows a caption reading "On-the-Scene Broadcast of the Opening of the First Session of the Eighth NPC," a female announcer begins speaking at 0058 GMT. Describing the session as a major event in the political life of the Chinese people following the convocation of the 14th CPC National Congress, she

says: "Guided and inspired by Comrade Deng Xiaoping's important talks made during his southern inspection tour and by the spirit of the 14th CPC National Congress, the country has witnessed a fast and excellent development of the situation, characterized by political stability, a prosperous economy, and people living and working in peace and contentment." According to the announcer, more than 2,900 deputies from 56 nationalities will attend the session, and over 70 percent of deputies are elected to the NPC for the first time. She says that the executive chairmen of the day are Qiao Shi, Hu Jintao, Tian Jiyun, Wang Hanbin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, and Lei Jieqiong: Qiao Shi is to preside over the session today. She continues, saying that party and government leaders seated on the rostrum are Jiang Zemin, Yang Shangkun, Li Peng, Wan Li, Li Ruihuan, Zhu Rongji, and Liu Huaqing. Among those attending the opening session as observers are members of the Eighth National Committee of the Chinese People's Political Consultative Conference attending its First Session and senior officials of the central party and government organs. Foreign envoys to China observe the session from spectators' seats.

At 0102 GMT, after the leaders take their seats on the rostrum, executive chairman Qiao Shi, who is dressed in a dark Western business suit and tie, says that since 2,898 of the 2,978 deputies elected to the Eighth NPC are present, a quorum is formed for the session. He then declares the session open.

At 0104 GMT, after the national anthem is played, Qiao Shi invites Premier Li Peng to deliver his Government Work Report, which is listed as the first item on the agenda today.

Li Peng, dressed in a dark Western business suit and tie, walks to the lectern and reads the report from a prepared text placed on the top of the lectern. While the premier reads the report, the camera pans to show several rows of leaders seated on the rostrum, and shows close-up shots of each of the leaders seated in the first two rows on the rostrum.

Qiao Shi is seen seated in the middle of the first row together with the eight other executive chairmen for the day. On his right side are Tian Jiyun, Ni Zhifu, Fei Xiaotong, and Lei Jieqiong; on his left side are Hu Jintao, Wang Hanbin, Chen Muhua, and Sun Qimeng. The second row is divided by an aisle into two sections. Seated on the left section facing the audience are—from the aisle—Jiang Zemin, a vacant seat apparently reserved for Li Peng, Li Ruihuan, Zhu Rongji, Liu Huaqing, Li Lanqing, Yang Baibing, Zou Jiahua, Jiang Chunyun, Wei Jianxing, Wen Jiabao, and Zhang Zhen; on the right section facing the audience are Yang Shangkun, Wan Li, Yao Yilin, Wu Xueqian, Rong Yiren, Ding Guangen, Li Tieying, Wu Bangguo, Chen Xitong, Qian Qichen, Xie Fei, and Ren Jianxin.

While Li Peng continues to read his government work report, the camera pans the hall, showing shots of delegations from provinces, autonomous regions, municipalities, the People's Liberation Army [PLA], and various organizations. Among the deputies, some are attired in ethnic dress, others wear military uniforms, but the majority are dressed in Western-style clothing. The camera also shows spectators seated on the second and third floors of the hall, as well as hundreds of cameramen and journalists crowding the front section of the hall below the rostrum.

While reading his Government Work Report, Li Peng occasionally raises his head to look at the deputies and, when applauded, he smiles and nods to acknowledge his appreciation. He also drinks water from a cup placed on the top of the lectern by an attendant. Discussing work related to women, children, and the aged in the report at 0231 GMT, Li Peng is interrupted by applause when he calls for efforts to ensure the success of the Fourth World Women's Congress. Grinning with delight, Li Peng interrupts the report and raise both hands to join the applause, saying "Excellent (hao)!"

At 0255 GMT, Li Peng concludes his Government Work Report amid thunderous applause from deputies.

At 0256 GMT, Qiao Shi announces the next item on the agenda today, which is to take a vote on the draft procedures for approving the choice of members of the special committees of the Eighth NPC.

At 0259 GMT and after the procedures are approved by the deputies, Qiao Shi announces that the session is in recess for the day and will resume on the morning of 16 March. The live relay ends at this point.

Main Revisions to Government Work Report

*HK1603064093 Hong Kong WEN WEI PO in Chinese
16 Mar 93 p 3*

[Special article" by staff reporting group: "Major Revisions to the Government Work Report"]

[Text] Beijing, 15 Mar (WEN WEI PO)—The Government Work Report delivered by State Council Premier Li Peng to the National People's Congress [NPC] today was revised many times on the basis of extensively soliciting opinions through internal channels. The report was revised in various parts after it was discussed at the Second Plenary Session of the 14th CPC Central Committee. Up to this morning, when Li Peng officially read out the Government Work Report, some key expressions of the policy toward Hong Kong, Macao, and Taiwan and foreign policy were further revised in the light of the latest developments in the situation. This shows that the supreme authorities in China attach great importance to the report.

Giving Prominence to Deng's Strategic Concept

By comparing the draft for soliciting opinions issued in early February and the current revised version, we may find that the revised version of the work report more positively, more comprehensively, and more accurately applies the guiding principle adopted by the 14th party congress to government work. In both the part reviewing the work in the past five years and the part looking to the development prospects in the next five years, the Government Work Report always maintains a more apparent keynote of being positive, aggressive [fen jin 1164 6651], and pragmatic.

The first part of the draft for soliciting opinions was entitled "Review of Domestic Work in the Past Five Years." In the revised version, the subhead is "Five Years of Creating Great Achievements in Reform, Opening, and Modernization." Thus, the overall assessment of the situation in the past five years was more explicitly affirmed. After summing up the achievements in the past five years, the revised version adds an emotional passage: "The practice in the past five years fully shows that our country's social system has exuberant vitality and the Chinese nation has a strong cohesive force. Our great socialist motherland will stand erect in the East of the world forever."

Relatively, the second part of the report was revised most. This included the addition and improvement of the expression of major principles and policies and the technical revisions of wording and data. Originally, the subhead for this part was "Tasks in Economic Construction in the Next Five Years," but it was changed to "Striving To Raise the National Economy to a New Level." Such revisions more prominently stressed the most important tasks that the new government would be facing. At the same time, this also gave prominence to Deng Xiaoping's strategic concept of "grasping the opportunity, because there will not be many big opportunities for China."

The Growth Rate Reflects Self-Confidence

A sentence in the draft for soliciting opinions read "the State Council adjusted the Eighth Five-Year Plan according to the new situation by raising the economic growth rate to somewhere between 8 percent and 9 percent." This was almost completely rewritten, and the revised version reads: "In the light of the new situation, the State Council has made necessary adjustments of the main targets of national economic and social development in the Eighth Five-Year Plan, and will start studying and formulating the Ninth Five-Year Plan and long-term development targets up to 2010. As for the adjustments of the targets in the Eighth Five-Year Plan, the material has been printed and issued to you. According to the revised Eighth Five-Year Plan, the growth rate of the national economy is raised from an annual average of 6 percent to 8-9 percent."

With regard to maintaining such a growth rate, the draft for soliciting opinions expected that "the grand objective

of quadrupling the 1980 gross national product by the year 2000 will be achieved ahead of time." However, the revised version more explicitly points out that the objective "will certainly be achieved within the next five years."

Agreement on Assessment of the Economic Situation

The growth rate of the national economy is an important policy issue of concern to the Chinese top leadership. From the draft for soliciting opinions to the revised version, the target of "8 to 9 percent" was kept unchanged. This was in keeping with the decision made by the 14th CPC National Congress, thus showing that the top leadership held the same opinion on the assessment of the economic situation and also showing the stability of the policy. On the one hand, a higher growth rate will be created, and the national economy will be raised to a new level every several years; on the other hand, a basic balance between gross supply and gross demand in society will be maintained in order to prevent major fluctuations in the development of the national economy. The leadership will certainly be very careful in weighing the advantages and the disadvantages. When mentioning that this year's gross national product growth rate is set at 8 percent, the draft for soliciting opinions explained: "Consideration is given to last year's high growth rate and this year's conditions. This is not only a positive approach, but also leaves leeway. No uniform requirement will be imposed on various localities throughout the country. Localities with better conditions develop faster. Various localities should not vie with each other in an unrealistic way." The revised version expresses it more explicitly: "This year's plan to increase the GNP by 8 percent is a plan with leeway, and it is expected that in reality, a higher growth rate will be effected. In addition, the growth rate refers to the whole nation's condition, and is not a uniform requirement for all localities. Various localities have different conditions, so they should not compare their growth rates in an unrealistic way. Attention should be paid to the enhancement of economic efficiency."

A Major Revision on the Hong Kong Issue

The passage about China's policy for Sino-British relations and toward Hong Kong is certainly a point in which our readers in Hong Kong have special interest. An extremely important revision was made in this part of Li Peng's work report, and we have talked about this in a separate report.

Major additions and deletions were also made in the part about foreign economic relations and foreign trade. The draft for soliciting opinions said that "after our country's status as a GATT signatory party is restored, we shall enjoy the rights we deserve and shall also perform the duties we should perform." This passage was changed to: "China's status as a signatory party of GATT must be restored, and it is unwise to exclude a large country with huge market potential from an international economic organization." The point that "the domestic market will

be further opened to foreign investor enterprises" was also added to the work report.

The Embodiment of Jiang Zemin's New Viewpoints

Jiang Zemin, CPC Central Committee general secretary, recently made a number of internal speeches on domestic issues. Some of his new viewpoints were also reflected in the Government Work Report. For example, the points that reform and opening should be combined with cracking down on crime, economic construction should be combined with the development of democracy and the legal system, and material civilization should be combined with spiritual civilization were moved to the earlier part of the work report, and were taken as some of the key points that should be properly handled. The following passage was also added to the report: "Spiritual civilization is an important component part of socialism with Chinese characteristics, and is also an important guarantee for the smooth development of reform, opening, and modernization." The report also particularly mentions the need to "properly handle various contradictions and interest relationships among the people" in order to ensure social and political stability.

At present, the Government Work Report has been submitted to the NPC for deliberation and approval, and it will be finalized after further revision according to the opinions of the NPC deputies before the end of the NPC session.

Criticism of UK in Report 'Unprecedented'

HK1503114593 Beijing ZHONGGUO XINWEN SHE
in Chinese 0955 GMT 15 Mar 93

["Commentary on Two Sessions" by ZHONGGUO XINWEN SHE reporter Guo Weifeng: "Chinese Government Criticizes British Side for the First Time in Nine Years in Its 'Government Work Report'"]

[Text] Beijing, 15 Mar (ZHONGGUO XINWEN SHE)—Chinese Premier Li Peng strongly criticized the British side in his government work report today. No passage like this has been seen in any Chinese government work report in the past eight successive years, since the signing of the Sino-British Joint Declaration in 1984. What is more, the stern wording and tough stance embodied in the passage are also unprecedented. All these indicate how serious the current state of the Hong Kong issue is.

Reviewing those passages relating to the Hong Kong issue of all the government work reports delivered annually from 1985 to 1992, one can see that they all embodied a main guiding idea stressing the necessity of enhancing cooperation with the British side with a view to solving the Hong Kong issue satisfactorily. Those passages in the government work reports of the past eight years are quoted as follows:

1985: The Hong Kong issue has finally been resolved satisfactorily through consultations with the British Government on an equal footing.

1986: The historical issue of Hong Kong has been satisfactorily resolved through negotiations with Britain.

1987: The Sino-British agreement is being smoothly implemented.

1988: The Chinese and British sides have been cooperating well in implementing the Joint Declaration.

1989: China and Britain have been cooperating well.

1990: China and Britain have been working together in a fruitful manner.

1991: We wish to strengthen cooperation with the British side.

1992: We will continue to strengthen cooperation with the British side.

This main guiding idea remains in Li Peng's "Government Work Report" delivered today. Li Peng stressed: "We hope for cooperation, not confrontation, but the Chinese Government will never trade anything with principle." Therefore, we can see that for Hong Kong's stable transition, the Chinese side has cooperated with the British side with the greatest sincerity over the past nine years, and has always stressed the importance of Sino-British cooperation.

At the same time, it may also be discovered that in the "government work reports" delivered over the past eight years, the Chinese side has always assessed Sino-British cooperation with a positive attitude, with praises and encouragement. The assessment can be largely summarized as follows: China and Britain have developed friendly relations; they have provided new experiences in the peaceful settlement of bilateral disputes; they have won extensive welcome of the international community; the Sino-British Joint Declaration is conducive to Hong Kong's prosperity and stability, and plays a positive role in China's reform and opening up.

Even in the relevant part full of words of criticism in Li Peng's report delivered today, past Sino-British cooperation is still dealt with in the affirmative: "Sino-British cooperation on the issue of Hong Kong has been sound since the Joint Declaration was initiated in 1984."

However, of an approximately 400-character passage in the "Government Work Report" delivered today, almost half was devoted to criticizing the British Hong Kong Government's "three-violation" practice, and serving a solemn warning against the British side. We can see that the British side's interference has already made Sino-British cooperation face great obstacles, and the state of affairs is very grave.

Should the British side pay no attention to analyzing China's persistent position over the past nine years,

neglect the stern contents on the Hong Kong issue in the current "Government Work Report" and fail to change its course resolutely, the grave consequences would be beyond imagination.

Reviewing the speeches and actions of the Chinese Government over the past nine years, the Chinese side's sincerity in enthusiastically strengthening cooperation with the British side on the issue of Hong Kong is beyond doubt. It is clear at a glance which side is correct and which is not.

Reaction To Li Peng Government Work Report to NPC

Shanghai Deputies on 'Satisfying' Report

OW1503152493 Beijing XINHUA in English 1447 GMT 15 Mar 93

[Text] Beijing, March 15 (XINHUA)—Premier Li Peng's Government Work Report, delivered to the Eighth National People's Congress [NPC] this morning, represents "a satisfying test paper" to the nation, according to NPC deputies from Shanghai.

The Shanghai deputies, who started examination of Li's report this afternoon, generally noted that the past five years witnessed great achievements in reform, opening up and the modernization drive which, nevertheless, were hard-won. They described the report's evaluation in this regard as appropriate and faithful.

Deputy Sun Tingfang, vice chairman of the Shanghai Federation of Industry and Commerce, said the "valuable experiences" China gained in the last five years will be "a treasure-house" for guiding future development.

Quoting lines from the Government Work Report, Zhu Zhihao, director of the headquarters for the Huangpu Bridge construction, said that since the general policies are set, practical work is all the more important, adding, "we cannot afford losing the chance for rapid development."

"This should be a common understanding of the whole nation," said Zhu, a newly-elected deputy.

Wu Bangguo, secretary of the Shanghai municipal party committee, said China owes its achievements in the past five years to the "crucially important" fact that it has adhered to the central task of economic construction, despite changes at home and abroad.

Wu, who was elected into the Politburo or the party's top decision-making organ last autumn, said the report not only reflects the spirit of the 14th party National Congress and Deng Xiaoping's speech made early last year on accelerating reform and opening up, but also conforms with the theory of building socialism with Chinese characteristics.

The theme of seizing the current opportunity to speed up development and bring the national economy to a higher level runs throughout the report, he noted.

Like the rest of China, Shanghai is facing "a very good opportunity for development," he said, urging the whole nation, including Shanghai, to be bold in path-breaking, experimenting and pioneering.

"If we lose the chance, it will be too late to regret," he added.

Jiangsu Leaders Cited

OW1603040193 Nanjing Jiangsu People's Radio Network in Mandarin 1015 GMT 15 Mar 93

[From the "News" program]

[Text] Various delegations of deputies to the First Session of the Eighth National People's Congress [NPC] began to deliberate Premier Li Peng's Government Work Report this afternoon. The delegation from our province broke into six groups and held spirited discussions. In his speech, Deputy Shen Daren said: The report sets forth clear-cut and specific measures on building a socialist market economy, and addresses pivotal issues regarding reform and construction at the present stage and for some time to come. Shen Daren said: Jiangsu suffers serious shortages of energy, and raw and semifinished materials for industrial use; it has to import more than 80 percent of these resources from other provinces. The major markets for its industrial goods also lie outside the province. State planning currently accounts for a very small proportion. In these circumstances, Jiangsu must rely on markets in solving the problems and difficulties it encounters in the economy.

In light of Jiangsu's realities, Shen Daren reviewed Jiangsu's experiments and explorations to expand the role of market mechanisms since the Third Plenary Session of the 11th CPC Central Committee. He also recalled the resultant benefits of efforts to promote economic development. Shen Daren maintained: In accelerating the development of a socialist market economy over the next few years, we should focus on the following tasks: 1) We should expedite enterprise reform, earnestly implement the Enterprise Law, and ensure that all decisionmaking management powers granted to enterprises will be relegated to relevant units. 2) We should quicken the pace of establishing and developing market systems, and further expand the markets for consumer and capital goods. Specifically, we should concentrate on establishing wholesale and futures markets in an effort to achieve new breakthroughs in commodity markets. 3) We should reform the existing administrative management system in accordance with the principles of separating government and enterprise functions, and exercising simplified, unified, and effective leadership, in order to change government functions into a new system of overall management.

In his Government Work Report, Premier Li Peng stated: The revised Eighth Five-Year Plan has adjusted the growth rate for the national economy for the next five years to 8 to 9 percent from the original annual average of 6 percent. This is to raise the national economy to a new level. In his speech, Deputy Chen Huanyou stated: As a coastal province with a fairly strong economic base, Jiangsu should develop its economy at a pace faster than the national average. Chen Huanyou analyzed: From 1988 to 1992, the gross national product grew by an average 7.9 percent, compared to Jiangsu's average growth rate of 10.6 percent. The situation vis-a-vis total supply and demand, the economic structure, and economic efficiency was basically rational. Structurally speaking, investments in agriculture and the tertiary industry climbed by 63 percent and 98.6 percent, respectively, in the total investment in fixed assets. In the industrial sector, the production of capital-intensive and new consumer goods rose significantly, while that of slow-selling products that saturated the market was curtailed substantially. In terms of efficiency, the composite index of industrial economic efficiency grew by 13.7 percent from the previous year [as heard].

Deputy Chen Huanyou maintained: In order to expedite Jiangsu's economic development over the next five years, we should capitalize on opportunities and seek truth from facts. We must manage our affairs in accordance with objective laws instead of placing undue emphasis on output value and indiscriminately competing with others in the race for high growth rates. Industry is the main sector of our province's economy; raising our industrial economic efficiency is the focus of our economic work. We should promote the improvement of quality, optimize our economic structure, and improve economic efficiency by concentrating on raising the rates of industrial production and sales.

Guangdong, Sichuan Governors Comment

OW1503164693 Beijing XINHUA in English 1549
GMT 15 Mar 93

[Text] Beijing, March 15 (XINHUA)—Two provincial governors, here attending the annual session of the National People's Congress, today expressed satisfaction with the government work report Premier Li Peng delivered this morning, saying it reflects public will.

Zhu Senlin and Xiao Yang, governors of Guangdong and Sichuan Provinces, also shared the view that the report reflects the spirit of the 14th National Congress of the Chinese Communist Party, which was convened last autumn.

Expressing approval of a point of the government report that in designing economic growth rate in different areas the practice of imposing a uniform rate or vying with one another for the highest growth should be avoided, Zhu said that this shows the spirit of emancipating the mind on one hand and seeking truth from realities on the other.

The tasks put forth in the report represent the issues calling for solutions in the nation's socio-economic development, said the governor, citing agriculture, state-owned large- and medium-sized enterprises, infrastructure, education, science and technology.

The government has drawn up specific and concrete policies and measures for fulfilling the tasks, which will facilitate implementation, he said.

Xiao Yang said the government work report sums up China's achievements in the past five years, along with existing problems in social and economic development, in a realistic manner.

While seizing the opportunities to step up reform, opening and economic development, he said, "we must maintain a cool head under a favorable situation and especially make double efforts to reinforce agriculture and communications."

Referring to Sichuan's realities, Xiao said, "it will be an arduous task" to fulfill the goals set in the government work report.

As Sichuan is the country's most populous and largest agrarian province, Xiao is most concerned with agriculture. In the process of industrialization and establishment of the market economy, he said, farmers' interests and enthusiasm must be protected.

Experiences in the past 14 years show that agriculture constitutes the basis for a steady growth of the national economy, he said.

At present, however, the farmers shoulder too much burdens and their interests are seriously hurt, an issue he said must never be neglected. Instead, he added, it must be resolved with "concrete measures".

Both governors spoke highly of the government principled position on the Hong Kong issue expressed in the report. Xiao said "China is not to be bullied," while Zhu stated that "China will never barter away principles."

'Danger' of Overheated Economy Seen

HK1603030593 Hong Kong SOUTH CHINA
MORNING POST in English 16 Mar 93 p 11

[Report by Chris Yeung in Beijing]

[Text] Premier Mr Li Peng's Government Work Report has received general backing from delegates—but a controversial scholar has warned against the danger of an overheated economy. Mr He Xin, who made headlines with his plan to sue some Hong Kong publications for libel, indicated that the 12.8 percent growth rate of the gross national product last year was too fast. "The speed of growth should be maintained at around eight percent," he said.

Mr Li said in his work report that the central government had revised the previous target of the annual growth rate from six percent to eight or nine percent.

Mr He, a delegate from the newly-formed economics sector in the Chinese People's Political Consultative Conference [CPPCC], argued that the rate of growth in China differed fundamentally from Western countries. While economic growth in Western countries was driven by private investment, China's economic growth had been the result of government spending, he said. Mr He said government investment had not always taken efficiency into account.

The Governor of Fujian province, Mr Jia Qinglin, disagreed and said the problem of an overheating economy should not cause alarm. Nothing that the growth rate of Fujian would be 11 percent, he said the tempo of growth was acceptable if it was in line with the practical conditions of the localities. "I'm convinced that the call for a faster pace of growth is in conformity with the practical conditions of the country and the aspirations of the people," he said.

The Minister of Construction, Mr Hou Jie, admitted that the increase in government spending on infrastructure had been higher than expected, but said it remained at a normal level. "For a vast country like China, we need to have continued development. The issue at stake is how to strengthen regulations and supervision. For those which are behind, they have to go faster. For those in coastal provinces, there should be a readjustment," he said.

A prominent economist, Professor Li Yining, who is set to become the vice-chairman of the National People's Congress' Law Committee, said the market economy had been going well. He maintained that the task of improving legislation on the economy had to be speeded up to meet the needs of a market economy.

Another CPPCC delegate, Mr Xiong Zhengmei, an expert in energy resources, said the work report had been pragmatic in dealing with the problems facing China. "Some problems such as corruption could be solved if the Government was determined to do so. But others, such as the mass exodus of talented people abroad, would be difficult to solve," he said. Mr Xiong added that the promises made by the Prime Minister to improve the well-being of intellectuals would help improve their plight.

Meanwhile, speaking to Chinese reporters yesterday, Finance Minister Mr Liu Zhongli said the Chinese economy was not yet overheated. "The Chinese economy is not overheated, but we need to prevent it from becoming so," said Mr Liu, adding macro-economic policies rather than administrative fiat would be used to improve the situation.

Finance Minister's Budget Report Previewed

OW1303055893 Tokyo KYODO in English 0537 GMT
13 Mar 93

[Text] Beijing, March 12 KYODO—China is set to post a fiscal deficit for 1992 of just below 23.75 billion yuan

(4.15 billion dollars), some 14.25 percent above the original budget forecast, informed Chinese sources said Saturday.

Although revenue from industrial and commercial tax collection rose by 12.6 percent over 1991, and total state revenue by 7.1 percent, it could not keep pace with China's gross national product (GNP) which grew 12.8 percent due to an overly ambitious capital construction boom, the sources said.

Finance Minister Liu Zhongli will unveil the final figures Tuesday [16 March] when he presents the annual state budget report to the Eighth National People's Congress, China's parliament. Delegates must then endorse his draft 1993 budget before the conclave closes at the end of this month.

Sources familiar with Liu's report say mounting subsidies to bail out inefficient state industries and overambitious investment in capital construction combined to inflate the projected deficit.

Capital construction expenditure in 1992 topped 167 billion yuan (29.2 billion dollars) against revenues of just 76.6 billion yuan, leaving an overall deficit of almost 90.5 billion yuan, 14 percent over budget, the sources said.

By Western accounting methods, the 90.5 billion yuan figure is seen as the true fiscal deficit figure, but China chooses to deduct some 67 billion yuan in "revenue" garnered by domestic debt—from bond issues and bank borrowing—and foreign loans.

China operates a dual budget system whereby surplus funds from the regular budget, which includes tax receipts and general expenditures, count as revenue in the smaller construction budget.

Sources say the regular budget surplus was only around 37 billion yuan, 16 percent less than the budget forecast. To make matters worse, the burgeoning construction budget, with its huge deficit, now accounts for 37 percent of total state finances.

In his report, Liu blames China's economic woes on the fact that financial expenditures increased "too sharply" at both central and local levels.

Financial constraints in some counties were so severe that normal payrolls could not even be met, and certain regions took on too many projects without considering their ability to pay.

Other urgent problems include overstaffing, which incurs excessive expenditures, and lax management and supervision which leads to extravagance and waste, Chinese bywords for official corruption.

Meanwhile, industrial subsidies to bail out loss-making state enterprises continue to dog China's finances. Such

subsidies in the construction budget alone came in nearly 12 percent above the target to a total of 22.16 billion yuan in 1992.

Despite growing signs of overheating, China's proposed budget for 1993 is tailored to an economy expected to grow by between 8 and 9 percent.

Liu is expected to predict a 1993 budget deficit of just 20.5 billion yuan, although Chinese sources say this figure has been scaled down in recent weeks from an original target closer to 30 billion yuan.

China intends to spend 42 billion yuan on national defense, 13 percent more than last year, and increase the national education and agriculture budgets by 9.8 and 9 percent, respectively, the sources said.

Further on Report, Deficit

HK1503011093 Hong Kong SUNDAY STANDARD in English 14 Mar 93 p 4

[Report by S.L. Law in Beijing]

[Text] China is expected to present a budget deficit of 20.5 billion yuan (HK\$28.7 billion) to the National People's Congress on Tuesday [16 Mar].

The figure is 13.7 percent lower than last year's 23.75 yuan and 14.24 percent more than the 20.78 billion yuan deficit originally forecast.

Sources in China yesterday told The Sunday Standard that China's finance minister, Liu Zhongli, announced a projected national defence expenditure of 42 billion yuan, 13 percent more than last year.

Liu is expected to unveil increases in the national education and agriculture budgets by 9.8 and 9 percent respectively, the percentages required to catch up with urban inflation.

Sources said the 1993 deficit was originally set at 30 billion yuan but had recently been scaled down.

Although revenue from industrial and commercial tax collection rose by 12.6 percent over the past year, and total state revenue by 7.1 percent, it could not keep pace with China's gross national product which grew 12.8 percent due to an ambitious capital construction boom, the sources said.

Analysts said mounting subsidies to bail out inefficient state industries and over ambitious investment in capital construction had combined to inflate the 1992 projected deficit.

Capital construction expenditure in 1992 topped 167 billion yuan against revenues of just 76.6 billion yuan leaving a deficit of almost 90.5 billion yuan, 14 percent over budget.

China operates a dual budget where surplus from the regular budget, which includes tax receipts and general expenditures, counts as revenue in the smaller construction budget.

Liu blamed China's economic woes on financial expenditures increasing "too sharply" at central and local levels. Financial constraints in some counties were so severe payrolls could not be met due to projects being undertaken without considering cost.

Fujian Governor Denies Immigrants Punished

HK1603025193 Hong Kong SOUTH CHINA MORNING POST in English 16 Mar 93 p 3

[By Beijing correspondent Chris Yeung and Greg Torode]

[Text] Fujian's Governor has rejected allegations that illegal immigrants returned to his province after a failed attempt to enter the United States had been persecuted.

Speaking in Beijing yesterday, Mr Jia Qinglin said the 525 illegals from the human cargo smuggling ship East Wood had been "warmly greeted" and allowed to go back to their families.

The U.S. Coast Guard intercepted the East Wood after receiving bogus calls of a hijacking on February 5. When they found its holds full of the would-be illegal immigrants they escorted it to the Marshall Islands.

The boat people were later sent back to China on flights arranged by the International Organisation for Migration.

Mr Jia said: "It's impossible that they would be punished. I had given instructions before leaving for Beijing that the returnees should be resettled in a proper way."

He said, however, that the returnees would be "educated" and asked not to try to leave the country illegally.

The news comes as U.S. diplomats in Guangzhou began investigating reports that a quarter of the migrants had been sent to a detention centre since their return.

U.S. Consulate officials in Hong Kong yesterday refused to speculate whether such a move represented a breach of agreements with China before the migrants were flown home from the Marshall Islands two weeks ago.

The situation is further complicated by the fact that nothing was signed following negotiations in Beijing and Washington.

"The news was certainly surprising, and it certainly could be a breach of prior agreements, but is going to have to be fully investigated before any conclusions are reached," a spokesman said.

Mr Jia, who is attending the National People's Congress, said the returnees would be encouraged to apply to emigrate through the legal channels.

He said the provincial government has always been against the unlawful exit of people.

"We have encouraged through publicity people who want to leave the country to apply through the normal ways such as the overseas employment agencies," he said.

Mr Jia admitted that the problem of illegal immigrants leaving the province had been rampant in the past year.

But following stern measures, there have been fewer illegal emigrants recently, he said.

Mr Jia said coastal surveillance had been stepped up and education work among fishermen in the coastal area had also been strengthened.

Tian Jiyun Presides at Eighth NPC Second Meeting

OW1603035893 Beijing XINHUA in English 0322 GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—The First Session of the Eighth National People's Congress (NPC) held its second full meeting here this morning.

At the meeting, the NPC deputies heard reports on: China's national economic and social development in 1992 and the government's draft plan for 1993; implementation of the 1992 budget plan and a draft state budget for 1993; and the State Council's restructuring program.

The three reports were delivered respectively by Zou Jiahua, vice-premier and minister of the State Planning Commission; Liu Zhongli, minister of finance; and Luo Gan, secretary-general of the State Council.

In his report, Zou said that last year the national economy grew rapidly with an all-round development in production, construction, goods circulation and foreign trade.

However, the vice-premier noted, investment in fixed assets increased too rapidly and the structure of investment was not as rational as it should have been.

Zou predicted that China's economy will continue to grow at a fairly rapid pace in 1993, but its macro-economic environment tends to become more strained.

Finance Minister Liu Zhongli, delivering his report on the implementation of the 1992 budget, said that the implementation was basically successful with government revenues for 1992 growing by 10.1 percent over the previous year. However, an increased demand for funds resulted in a deficit of more than 23.7 billion yuan, nearly 3 billion yuan more than the budgeted deficit.

The overall guiding principles for drafting the 1993 state budget, according to Liu, are as follows: To vigorously support reform, opening up and economic development, energetically cultivate and open up new financial

sources, strengthen management of tax collection and ensure a steady growth in state revenues and bring state expenditures and deficits under strict control, so as to create conditions for a speedy and smooth development of the national economy.

Luo Gan, explaining the State Council's restructuring program, said the restructuring program is different from previous government restructuring because the new program aims to create a government structure suited to the development of a socialist market economy.

At the meeting, the deputies also passed the nomination of chairmen, vice chairmen and members of the Law Committee and the Financial and Economic Committee of the Eighth NPC and elected Xue Ju and Liu Suinian chairmen of the two special committees respectively.

The meeting was presided over by Tian Jiyun, an executive chairman of the presidium of the current session.

Further on Meeting Agenda

OW1603124893 Beijing XINHUA Domestic Service in Chinese 0851 GMT 16 Mar 93

[Text] Beijing, 16 Mar (XINHUA)—The First Session of the Eighth National People's Congress [NPC] held its second full meeting here this morning, which heard the following reports: Report by the State Council on China's national economic and social development in 1992 and the draft plan for 1993; report on the implementation of the 1992 state budget plan and a draft state budget for 1993; and an explanation on the State Council's restructuring program.

Entrusted by the State Council, the three reports were delivered, respectively, by Zou Jiahua, vice premier and minister in charge of the State Planning Commission; Liu Zhongli, minister of finance; and Luo Gan, secretary-general of the State Council.

In his report, Zou Jiahua first discussed the basic conditions of the nation's economic and social development last year. He said: Last year was a year in which people of all nationalities across the country made great strides on the path toward socialist modernization. In line with the needs of developing the socialist market economy, reform of the economic structure and opening up to the outside world proceeded at a historically substantial depth and breadth; the national economy grew at high speed; production, construction, circulation, and foreign economic relations developed in an all-around way; marked progress was made in science and technology, education, and all other areas of social undertakings such as culture, public health, and sports. The income of residents in cities and the countryside alike increased, and their living standards saw continued improvement.

The guiding thought of the 1993 national economic and social development plan, according to Zou Jiahua's report, is: Comprehensively implement the guidelines of the 14th CPC National Congress and Comrade Deng Xiaoping's important talks; follow the theory on

building socialism with Chinese characteristics and the party's basic line; seize the opportunity; accelerate the pace of reform, opening up, and the modernization drive; practice steadfast macroeconomic regulation and control; strive to maintain a basic balance between total supply and total demand; make a point of improving quality, rationalizing the structure, and improving efficiency; promote the establishment of a socialist market economic system; and bring about faster and better economic development.

Speaking of the priorities and principal tasks of economic and social development in 1993, Zou Jiahua said: It is necessary to continue to give top priority to agriculture and promote development in all sectors of the rural economy. We should pay special attention to the construction of infrastructure and basic facilities such as communications, telecommunications, energy, water conservancy, and major raw and semi-finished materials, and build a number of key projects with high quality and efficiency; speed up the development of service trades; and bring about a balanced development of the primary, secondary, and tertiary sectors of the economy. We should make the most of local strengths and bring about rational geographical distribution of the economy and well-balanced development. We should expend great efforts to develop science, technology, and education and effect a close integration of education and economic development. We should further expand opening to the outside world, and actively and efficiently make use of foreign funds, resources, technology, and markets. Continued efforts should be made to improve living standards and effect further progress in all social undertakings.

Zou Jiahua said: It is necessary to accelerate comprehensive supporting reforms in key areas in line with the needs of establishing a socialist market economic system. The requirements of economic structural reform for 1993 are: With the establishment of the socialist market economic system as the objective, we should focus on speeding up structural readjustment, improving economic efficiency, and solving deep-seated contradictions in economic life and make new progress in several important and interrelated links in structural transformation. He particularly emphasized areas that need special attention this year: Making continued efforts in deepening enterprise reform with the transformation of the operational mechanisms of state-owned enterprises as the priority; speeding up the pace of price reform, and actively fostering and developing a market system; deepening reform of the labor and wage system and expanding the social security system; improving macroeconomic regulation and control and develop, incrementally, a scientific system of economic regulation and control.

On the state's budget, Liu Zhongli said: The state's financial income totaled 418.897 billion yuan in 1992, fulfilling 107.1 percent of the budget. The state's financial expenditure totaled 442.646 billion yuan, fulfilling 107.4 percent of the budget. As a result, the deficits

amounted to 23.749 billion yuan, 2.963 billion yuan more than budgeted. Liu Zhongli pointed out: Execution of the state's 1992 budget was basically good—financial income overfulfilled the budget plan and financial expenditure basically ensured the provision of funds for reform, opening up, economic construction, and the development of other projects.

Liu Zhongli also pointed out: Although some achievements were made in last year's financial work, some problems cannot be overlooked. The main problems were that the financial expenditure increased too rapidly and the increase in income could not meet the needs in the increase in expenditure; therefore, the state's financial situation is still quite difficult. Taking aim on the problems in financial management, we should continue to improve our work in the spirit of reform and make constant efforts to improve the state's financial situation.

Speaking on the arrangement of this year's state budget, Liu Zhongli said: The general guiding thought is to thoroughly implement the guidelines of the 14th CPC National Congress; to forcefully support reform, opening up, and economic construction; to help state-owned enterprises transform their operating mechanisms; to make positive efforts to cultivate and open up new financial sources; to strengthen the collection and management of revenues to ensure that our financial income will increase steadily; to increase investments in the development of agriculture, communications, the energy industry, education, science and technology, and to ensure the needs of key projects; to work hard and economize and to oppose excessive spending; and to strictly control financial expenditures and deficits, to create the necessary conditions for the economy to develop rapidly and properly.

Liu Zhongli said: Based on the aforementioned guiding thought, the state's total financial income in 1993 is targeted at 452.237 billion yuan—8 percent more than the amount executed in the previous year. The total financial expenditure is set at 472.737 billion yuan—6.8 percent more than the amount executed the year before. The resulting deficit is 20.5 billion yuan—3.249 billion yuan less than the amount planned to be executed the year before.

After making an explanation on the policy and measures concerning the arrangement of the state's budget for 1993, Liu Zhongli urged financial and taxation departments at all levels to truly transform their functions, deepen reform, work hard to increase revenues and to reduce expenditures, and do their work dutifully. He said: We should adhere to the center of economic construction and ensure that the economy will develop rapidly and properly; we should concentrate on improving enterprises' profitability and economic efficiency. In line with changes in the structure of income, we should improve and strengthen the collection and

management of taxes. We should improve the management of expenditures, maintain strict financial discipline, and prohibit all kinds of excessive spending. We should transform our functions and steadily advance financial and taxation reforms. We should quicken the pace of the legislation of relevant laws to create necessary conditions for the regularized functioning of the market economic system.

On the program for restructuring State Council organs, Luo Gan said in his explanations that this time we will concentrate on transforming the government's functions. The fundamental way to achieve this goal is the separation of government administration and enterprise management. In accordance with the requirement of establishing a socialist market economy, we must strengthen the departments in charge of macro-level control and supervision and those in charge of the management of social affairs, and minimize government approvals for specific affairs and direct management over enterprises so as to do a good job in macroeconomic control while lifting controls in the field of microeconomic activities.

Luo Gan said that in accordance with the guiding principle for reform of government institutions, the State Council's institutions restructuring program, in accordance with different circumstances, sets different requirements for the departments in charge of the overall balance of the economy, specialized economic departments, social affairs administrative departments, subordinate institutions, offices, and nonpermanent organs.

On reform of the departments in charge of the overall balance of the economy, Luo Gan said that both old and newly established departments in charge of the overall balance of the economy should cut down the number of internal organs and staff members and straighten out the relationships among themselves as well as between them and the specialized economic departments.

On reform of the specialized economic departments, Luo Gan said that in accordance with their different circumstances, all specialized economic departments will be restructured into three categories: economic entities without the administrative functions of government institutions; industrial chambers under the State Council with management functions over specific industries; and administrative institutions that are kept or newly established. These institutions must reduce their size, and their main functions include planning, coordination, rendering service, and supervision.

On reform of organs directly under the State Council and its offices, Luo Gan said that to simplify administration and delegate powers to organs of lower levels, give full play to the role of ministries and commissions, increase their responsibilities, and adapt to the needs of developing a socialist market economy, the restructuring program considerably reduced the number of organs directly under the State Council as well as its offices.

Luo Gan pointed out that in view of the fact that economic restructuring and reform of government

organs are a long process, the current restructuring program is somewhat a transitional one and also somewhat an experimental one. In the days to come, it will still be necessary to deepen reform of the administrative system and other government institutions along with the development of the socialist modernization drive and the gradual establishment of a socialist market economy.

Luo Gan said that the current reform of government organs should proceed simultaneously with restructuring of the cadre personnel system and the wage system. We should combine our program to simplify government organs with efforts to raise efficiency and develop the productive forces. Our program should be implemented in a guided way and an orderly manner.

Today's meeting also approved the namelist of the chairman, vice chairmen, and members of the eighth NPC's Law Committee and Financial and Economic Committee.

Today's meeting was presided over by executive chairman Tian Jiyun. Seated at the rostrum were also executive chairmen Fei Xiaotong, Ma Sizhong, Mao Zhiyong, Liu Fusheng, Li Zhen, Zhang Kehui, Lin Yinghai, and Xie Ju.

Zou Jiahua Briefs on Economic, Social Development

OW1603013393 Beijing XINHUA in English 0122 GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—China quickened notably the pace of reform and opening up and the modernization drive in 1992, and the country's economy is getting off to a good start in a new stage of development.

The remarks were made by Zou Jiahua, Chinese vice-premier and minister of State Planning Commission, when he briefed the on-going first session of the Eighth National People's Congress (NPC) on national economic and social development in 1992 and the draft 1993 plan here today in the Great Hall of the People.

Zou said that last year the national economy grew rapidly with all-round development of production, construction, circulation and foreign trade. The gross national product (GNP) for the year grew 12.8 percent over the previous year. Within this figure, primary industry grew 3.7 percent; secondary industry, 20.5 percent; and tertiary industry, 9.2 percent.

The vice-premier said that grain output totaled 442.58 billion kg in 1992; cotton output reached 4.528 million tons; forestry, animal husbandry, sideline production and aquaculture continued to grow.

He said the country's rural economy was vigorous in all fields. Industrial production grew rapidly, with a steady upturn in economic efficiency.

Last year, Zou said, total investment in fixed assets came to 758.2 billion yuan, an increase of 37.6 percent over the previous year. A large number of railway, highway, port and electric power projects were put into operation in the year. Postal and telecommunications services, banking and insurance, tourism, real estate, information services and other tertiary industry sectors all experienced fairly rapid growth.

Speaking of problems in economic development, the vice-premier noted that investment in fixed assets increased too rapidly and the structure of investment was not as rational as it should have been. In some places there was recklessness evident in the issuing of stocks and bonds, the establishment of development zones and the development of the real estate industry. The situation in transport as well as the supply of energy and some raw and semi-finished materials was tight. Prices in cities and prices of some capital goods rose too rapidly. There were still difficulties in the state finance, with an overly rapid increase in the issuance of bank credit and currency and increased potential inflationary pressure. There were some latent instability factors in agricultural production.

He said that although the above-mentioned problems came in the midst of progress, they all have a bearing on the economy as a whole, and therefore effective measures are needed to properly resolve them.

Sees 'Fairly Rapid' Growth in 1993

OW1603014093 Beijing XINHUA in English 0126
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—China's economy is predicted to continue growing at a fairly rapid pace in 1993, but its macro-economic environment tends to become more strained, requiring greater efforts of fine-tuning and trouble shooting.

Last year, China's economy recorded an increase of 12.8 percent over the previous year.

Zou Jiahua, vice premier and minister in charge of the State Planning Commission, made these remarks here today at the ongoing First Session of the Eighth National People's Congress (NPC).

In his report on the national economic and social development in 1992 and the draft plan for 1993, Zou put forward major targets for national economic and social development in 1993.

Gross national product in 1993 will be eight percent greater than last year's. The plan sets an increase of nine percent or greater for the tertiary industry, four percent for agriculture and 14 percent for basic and manufacturing industries.

He explained, "These targets are set for the country as a whole and leave some leeway; it is expected that they will be exceeded in implementation.

"Since conditions and levels of development vary from place to place, local authorities should determine an appropriate economic growth rate in light of their specific circumstances and should not vie with each other without considering their own conditions."

Generally speaking, he said, in 1993 demand on the domestic market, that for investment in particular, will still be rather brisk, which will continue to drive economic growth.

Zou said, total investment in fixed assets is expected to reach 800 billion yuan, with an investment rate contained within 30 percent. Banks will grant 380 billion yuan of new loans and issue 98 billion yuan of various negotiable securities. Deficit will be limited to no more than 20.5 billion yuan.

This year China will increase investment in capital construction in transport, telecommunications, energy and raw materials sectors, and carry out a number of key projects efficiently and with high quality. The measures are expected to remove bottlenecks restricting economic growth and build up capacities for a sustained economic development.

As China has been constantly opening wider to the outside world and rapidly developing an export-oriented economy, Zou said, there are still many opportunities and great potential for boosting exports.

This year, he pointed out, the total import and export volume has been planned to increase by 11.7 percent, reaching 185 billion U.S. dollars; of the total, the export volume is expected to grow by 11.8 percent and the import volume 11.7 percent.

He said, with the increase of the income of both urban and rural residents, their purchasing power will rise correspondingly, which in turn will stimulate greater consumer demand.

This year the total value of retail sales will reach 1,250 billion yuan, an increase of 14.7 percent and retail prices will be allowed to rise about 6 percent, Zou said.

Talking about the improvement of economic efficiency, Zou said, the ratio of profits and taxes to capital used in industrial enterprises will reach 10.6 percent, overall productivity of the workforce grow by 6.5 percent, and the total operational losses go down by 15-20 percent.

He called on all localities and departments to proceed from overall interests, support and respect macro-controls of the state, conscientiously work to smooth out difficulties and problems in economic development. He called for the nation to seize upon development opportunities and work together to promote a sustained, highly efficient and rapid development of the national economy.

Agriculture Remains 'Top Priority'

OW1603014893 Beijing XINHUA in English 0129
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Chinese Vice-Premier Zou Jiahua said here today that China will continue to give top priority to making improvements in agriculture and promote development in all sectors of rural economy in the year of 1993.

Delivering a report on the draft 1993 plan at the ongoing First Session of the Eighth National People's Congress (NPC), Zou, who is also minister of the State Planning Commission, said, "In order to develop the greater agricultural industry and promote rural economic prosperity in an all-round way, we shall work for higher yields, better quality and greater efficiency in agriculture. While ensuring a steady increase in grain output, cotton, oil-bearing crops and other major farm products, we shall appropriately restructure agricultural production in line with the demands of the market, and develop farming, forestry, animal husbandry, sideline production and aquaculture in light of local conditions."

He said that according to the 1993 draft plan, total agricultural production value is expected to increase by four percent, grain output to reach 442.5 billion kg; cotton, 5 million tons; oil-bearing crops, 16.5 million tons; meat, 35 million tons; and aquatic products, 16 million tons.

Zou said the central authorities will continue to increase government funding and credit for developing agricultural infrastructure and agricultural product commodity bases, promoting comprehensive agricultural development, invigorating agriculture by applying science and technology and by strengthening education, and developing agriculture-related industry. The country will set up a system for the protection of purchasing prices of grain and cotton and a system of price risks funds at the central level and the provincial, regional or municipal level.

He said, "We should further increase the production and supply of agricultural capital goods and strengthen price management for them, setting up ceiling prices for fertilizers, pesticides, plastic sheeting and agricultural diesel oil that are not covered by the state plan. We shall resolutely put a stop to the collection of funds and imposition of service charges and apportionment of fees that are against law or regulations, so as to effectively lighten the burden on peasants and protect their economic interests and lawful rights."

The vice-premier reaffirmed that China would continue to make developing township enterprises a strategic task in the efforts to effect all-round revitalization of rural economy, vigorously promote improvement in township enterprises in eastern China and help township enterprises in central and western China and minority nationality areas in particular to develop more rapidly.

More Opening, Foreign Funds Stressed

OW1603015293 Beijing XINHUA in English 0132
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Chinese Vice-Premier Zou Jiahua said here today that China will further open up to the outside world and actively and efficiently make use of foreign funds, resources, technology and markets.

Zou, also minister of the State Planning Commission, made the remarks while briefing the First Session of the Eighth National People's Congress (NPC) in the Great Hall of the People.

He said China will consolidate and further progress on all fronts in opening to the outside world, work harder to make special economic zones, open cities and open economic zones even more successful, and strive to develop the export-oriented economy.

"We shall speed up the development and opening up of Pudong in Shanghai to stimulate economic development and opening up to the outside of the Yangtze River Delta region and the entire Yangtze Valley," he said.

The country will also speed up the opening up and development of Guangdong, Fujian, Hainan and the rim of Bohai Bay, continue to make the northwest, southwest, northeast and the central plains more open to the outside world, he said.

Speaking of active use of foreign funds, the vice-premier pointed out that the loans obtained from international financial organizations and foreign governments by the state should be used mainly in such areas as agriculture, water conservancy, transport, telecommunications, energy and environmental protection. The country will provide more support for economic and social development in the hinterland.

He pointed out that China will continue to improve the investment environment, properly direct the orientation of foreign investment in accordance with the state's industrial policies, promote use of foreign capital in structural readjustment and acceleration of technological upgrading of older enterprises in China and encourage foreign businessmen to invest more in new and high technology, infrastructure and basic industries.

According to state statistics, in 1992 contracted volume of and committed foreign investment in China doubled the previous year figures. The country actually used a total of 11.16 billion U.S. dollars of foreign funds, and approved 47,000 foreign-funded enterprises in 1992, more than the total of the previous a dozen years.

In developing foreign trade, Zou said, China will actively work to adjust the export commodity mix, strive to increase exports of high value added commodities and those which are high foreign currency earners, increase export of machinery and electronic products, especially complete sets of equipment.

While maintaining the amount of foreign currency reserve required by the state, he said, China will appropriately increase imports. The import mix should be made more rational and better use should be made of advanced technology and other resources from abroad.

He said, "We shall work to promote an increase in the number of foreign markets, consolidating and developing existing markets, while striving to open new markets in the world."

The country will actively work to increase income of foreign currency from tourism, overseas project contracting, labor service cooperation and other non-trade sources, he noted.

He pointed out that China will continue to deepen the reform of the foreign trade system, and establish as quickly as possible a foreign trade system that is conducive to the development of a socialist market economy and consistent with international rules and conventions.

Pricing System Reform Planned

OW1603015993 Beijing XINHUA in English 0140
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Chinese Vice-Premier Zou Jiahua said China will make a big step forward in reforming its pricing system this year.

Zou, who is also minister of the State Planning Commission, said the price reform aims to build a system in which most prices are determined by market forces.

Zou made the remarks today when he delivered his report on national economic and social development in 1992 and a draft economic development plan for 1993 at the ongoing first session of the Eighth National People's Congress (NPC).

The government will lift controls over most prices, he said. Price adjustments will be combined with price liberalisation, and the prices of some important capital goods will be readjusted, he said.

The state will gradually lift controls over the prices of major farm products including grain and edible oil. At an appropriate time, the government will lift controls over the prices of goods and service charges that should and can be lifted.

Zou pointed out, however, that the country's economic environment and the tolerance of the society should be taken into full consideration, since price reform affects the interests of all social sectors and the well-being of the people.

On condition that a balance be maintained between total supply and total demand, Zou said, the government will seize opportunities for the smooth implementation of reform measures in an all-round and well-arranged way.

Zou said China will continue to deepen the reform of its planning and investment systems. This year, the number

of quotas covered by mandatory plans of the state planning commission will be slashed by about 50 percent. The proportion of industrial production quotas, calculated in terms of output, will be cut down from 12 percent in 1992 to seven percent this year.

Economic, Social Targets Outlined

OW1603020493 Beijing XINHUA in English 0147
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Zou Jiahua, vice-premier and minister in charge of the State Planning Commission, put forward major targets for national economic and social development in a report he made at the ongoing First Session of the Eighth National People's Congress here today.

The major targets, as set forth in the central government's draft plan for 1993, are as follows:

- The country's gross national product is to increase by eight percent. That translates into four percent for agriculture, 14 percent for basic and manufacturing industries, and no less than nine percent for the tertiary industry;
- Total investment in fixed assets is expected to reach 800 billion yuan, with the investment rate contained within 30 percent;
- Banks will grant 380 billion yuan of new loans and issue 98 billion yuan of various negotiable securities, with deficit limited to within 20.5 billion yuan;
- Total imports and exports are to reach 185 billion U.S. dollars in value, an increase of 11.7 percent. Exports are to grow by 11.8 percent and imports 11.7 percent;
- Total social retail sales are to grow to 1,250 billion yuan in value, an increase of 14.7 percent;
- Retail prices will be allowed to rise by about 6 percent;
- The ratio of profits and taxes to capital used in industrial enterprises is to reach 10.6 percent, and the overall productivity of the workforce is to grow by 6.5 percent;
- Grain output will grow to 442.5 billion kg, cotton 5 million tons, oil-bearing crops 16.5 million tons, meat 35 million tons, and aquatic products 16 million tons;
- In 1993, 117 kilometers of new rail lines and 659 kilometers of double-track lines will be completed;
- Addition of 11.45 million kw in power generating capacity within the year;
- The production capacity of coal is to increase by 22.69 million tons, that of oil by 15.5 million tons, and that of natural gas by 500 million cubic meters.

Finance Minister Reports on State Budgets**1992 Budget Reviewed**

OW1603024593 Beijing XINHUA in English 0232
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Along with the rapid growth of its economy, the Chinese Government's revenues for 1992 grew by 10.3 percent over the previous year, exceeding the budgeted amount.

Delivering a report on the implementation of the 1992 budget plan at the first session of the Eighth National People's Congress here today, Minister of Finance Liu Zhongli said the implementation was basically successful.

According to the minister, total government revenues in 1992 came to 418.897 billion yuan, 107.1 percent of the budgeted amount, and total government expenditures amounted to 442.646 billion yuan, 107.4 percent of the budgeted figure.

This resulted in a deficit of 23.749 billion yuan, 2.963 billion yuan more than the budgeted deficit, said Liu.

Government revenues and expenditures for 1992 were compiled according to a dual budget system for the first time, according to Liu.

Capital construction incurred a deficit of 90.494 billion yuan, he said.

"This sum was partially covered by the generation of 45.529 billion yuan of domestic debt and 21.216 billion yuan of foreign loans, leaving a hard deficit of 23.749 billion yuan in the state finance," said Liu.

"The deficit in the central budget was a little less than planned. The budget plans of local governments determined by the central government in early 1992 were balanced, but a deficit of 3.11 billion yuan developed during their implementation."

Last year, the national economy and all other undertakings experienced comprehensive development and all areas required increased investment, said Liu.

As a result, the contradiction between the supply and demand of funds became acute, the minister noted. "Under such circumstances, financial departments at all levels did everything possible to transfer and reallocate funds, giving priority to ensuring appropriate increases in expenditures for key sectors."

Last year, according to Liu, total investment in agriculture from state coffers was 38.422 billion yuan, that in education more than 55.1 billion yuan, and that in science over 17.563 billion yuan, increases of 9.6 percent, 17.7 percent and 15.4 percent respectively over the previous year.

State finances still faced difficulties, Liu said. This stemmed from sharp increases in spending, at a time when increases in revenues could not keep pace with growth in spending.

Said he, "Certain departments and localities did too many things and launched too many projects without taking into consideration their ability and financial capacity."

"Reasons also included overstaffing in administrative organs, extravagance and waste."

In addition, he said, certain localities overstepped their authority to reduce or exempt taxes and contract the turnover tax, causing revenue losses, which was partially responsible for the current financial difficulties.

The existing financial administrative system, structure and methods do not conform to the changed situation, he said. At a time of transition from an old to a new economic system, there exist quite a few loopholes in the country's financial and taxation system, and macro-economic controls still need to be improved and strengthened, he said.

"We must continue to improve our work with focus to be put on bettering financial management," he said.

Economic Development Support Noted

OW1603142993 Beijing XINHUA Domestic Service in Chinese 0238 GMT 16 Mar 93

[Text] Beijing, 16 Mar (XINHUA)—Speaking to the First Session of the Eighth National People's Congress [NPC] today, Finance Minister Liu Zhongli said that the 1992 state budget vigorously supported economic development and guaranteed financial expenses for key projects.

He said in 1992, financial and tax departments, conscientiously implementing the policies and measures of the party Central Committee and the State Council, aimed at improving large and medium-sized state-owned enterprises, changing their operating mechanisms, and helping them to turn losses into profits, and they further delegated financial powers and transferred financial resources to state-owned enterprises. As a result, their financial capacity rose by 15.5 billion yuan, over 3 billion of which was borne by financial departments at various levels. In making financial arrangements, financial departments at all levels, taking economic construction as the central task, made great efforts to increase investments in the construction of key projects. In the entire year of 1992, they arranged expenditures of 79.607 billion yuan for capital construction, 5.632 billion more than in 1991, and 22.955 billion yuan for tapping the potential of enterprises through technical transformation and for the trial manufacture of new products, an increase of 4.874 billion yuan over 1991. These arrangements played a positive role in guaranteeing the construction of key projects, enhancing the vitality of enterprises, accelerating technological

progress, boosting production, and assisting enterprises to turn deficits into profits. Compared with 1991, the output value and sales incomes of state-owned enterprises covered by the budget rose fairly rapidly; their realized profits increased somewhat; the number of losing enterprises dropped by 4.2 percentage points; and the amount of losses dropped 3.6 percent. Meanwhile, to support agricultural development, promote the flow of grain, and gradually solve the problem of losses in grain and IOU's in grain purchasing, central financial departments appropriately raised the amount of state subsidies for expenses used in storing grain for unforeseen needs and for local authorities who had stored more grain than the prescribed quota, and to a certain extent, relieved the pressure on enterprises. Compared with 1991, the subsidies rose by 15.9 or 10.3 percent after making allowances for domestic debt incomes and transferred funds.

On efforts made last year to ensure that the state budget was enough to cover all expenses for key construction projects, Liu Zhongli said that in 1992 there was all-around development of the national economy and various undertakings. All sectors wanted to increase their input. As a result, there were serious contradictions in the money supply and demand. Financial departments at all levels worked hard to allocate funds to ensure appropriate increases of funds for key construction projects in the fields of agriculture, energy, transportation, science and technology, and education. Through cutting down expenses and improving financial management, the financial departments worked hard to control and reduce unnecessary spending, thus ensuring funds for accelerating reform and development. Compared with the actual expenses of 1991, 1992 expenditures for supporting rural production and other agricultural undertakings increased by 2.347 billion yuan, up 9.6 percent; the educational fund rose by 6.756 billion yuan, an increase of 17.7 percent; and funds for scientific undertakings went up by 763 million yuan, up 15.4 percent. In addition to other budgeted expenses used for various purposes, in 1992 the state actually input 38.422 billion yuan on agriculture, 55.43 billion yuan on education, and 17.563 billion yuan on science, largely exceeding the figures for 1991.

1993 Draft Budget Submitted

OW1603025393 Beijing XINHUA in English 0233
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—China's Finance Minister Liu Zhongli submitted the Draft State Budget for 1993 here today to the ongoing first session of the Eighth National People's Congress for examination and approval.

According to the draft budget, total state revenues for 1993 will be 452.237 billion yuan, an increase of 8 percent over 1992, and total expenditures will be 472.737 billion yuan, an increase of 6.8 percent over 1992. This will leave a deficit of 20.5 billion yuan, which is 3.249 billion yuan less than in 1992.

Expected deficits in the capital construction budget, Liu said, will be covered by issuing treasury bonds and borrowing from banks. Bonds will total 37 billion yuan and foreign loans 26.9 billion yuan.

Liu Zhongli said that the overall guiding principles for drafting the 1993 state budget are as follows: To thoroughly put into practice resolutions adopted by the 14th national party congress; vigorously support reform, opening up and economic development; promote changes in the method of operation of state-owned enterprises; energetically cultivate and open up new financial sources; strengthen management of tax collection and ensure a steady growth in state revenues; increase investment in agriculture, transport, energy, education and science and technology and guarantee the financing of key projects; persist in thrift and hard work, oppose extravagance and waste; bring state expenditures and deficits under strict control; and create conditions for a speedy and smooth development of the national economy.

In the 1993 draft budget, expenditures to support agricultural production and other agricultural undertakings amount to more than 41.9 billion yuan, an increase of 9.3 percent over the previous year.

In the 1993 draft budget, expenses for undertakings in education and in science and technology increase by 9.8 percent and 10.8 percent respectively, both of which are higher than the growth rate of regular financial revenues.

Expenditures for productive capital construction account for 80 percent of total expenditures for capital construction and will be mainly used for projects in basic industries and bottleneck industries like transport, energy and major raw and semi-finished materials.

To solve the problem of relatively low incomes of the employees of administrative departments and public institutions, the State Council plans to combine the structural reform of government institutions with the establishment of a public service system, carrying out a one-time adjustment of the pay scale for the employees of administrative departments and public institutions in the second half of this year. To implement this measure, four billion yuan will be allocated from the state budget.

Agricultural Spending To Increase

OW1603031693 Beijing XINHUA in English 0237
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—According to Finance Minister Liu Zhongli, China's total investment in agriculture from the state budget will amount to 41.9 billion yuan in 1993, 3.5 billion yuan more than in 1992.

Minister Liu announced the input in a report on the government's 1993 draft budget he made here today at the first session of the Eighth National People's Congress.

He said agriculture is a key sector to receive state financial support. In the 1993 draft budget, expenditures to support agricultural production and other agricultural undertakings will increase by 9.3 percent over the previous year.

In order to speed up the commercialization of the rural economy and protect the interests of farmers, the government this year will take three financial measures to support agricultural development, which are as follows:

- In three years beginning from 1993, subsidies given to localities to make up for rising purchasing prices of grain will be eliminated from central finances as the state gradually lifts its control over the purchasing and selling prices of grain. Money saved from this move will be used to establish a grain fund for protection against risk. In addition, the government will set protective prices for grain;
- The government will reform the practice of supporting grain and cotton production with subsidies of capital goods. Instead of selling chemical fertilizers and diesel oil at subsidized prices to farmers, the state will pay the differentials between subsidized and market prices of these products to them in the form of cash. This is in addition to hiking the purchasing prices of grain and cotton. Farmers are expected to benefit from this reform measure; and
- Tax rates on specialty agricultural and forestry products will be readjusted to lighten the burden of farmers.

Further on 1993 Budget Arrangements

OW1603141993 Beijing XINHUA Domestic Service in Chinese 0247 GMT 16 Mar 93

[Edited by Zhuo Peirong (0587 1014 2837) and issued by Zhu Chengxiu (2612 2110 0208)]

[Text] Beijing, 16 Mar (XINHUA)—Speaking today at the First Session of the Eighth National People's Congress (NPC), Finance Minister Liu Zhongli said agriculture is the focus of the state's financial expenditures for 1993.

Liu Zhongli said: The expenditures arranged in this year's state budget for supporting rural production and the various agricultural projects total 29.187 billion yuan, an increase of 9.3 percent over last year's actual expenditures. Adding the expenditures in other budget items for agricultural purposes, the state's financial investment in agriculture will reach 41.927 billion yuan.

In his report to NPC deputies on the policy and measures concerning the arrangement of the state's 1993 budget, Liu Zhongli said: While continuing to carry out the various measures set by the party Central Committee and the State Council for improving the management of large and medium-sized state-owned enterprises, this year the state's financial departments will allocate another 7.2 billion yuan to further support the efforts to

improve the management of these enterprises. First, we will exempt enterprises from paying into the fund for constructing key energy and communications projects and paying for the budget regulation fund, which are to be taken out from enterprises' depreciation funds. Second, enterprises' actual technology development spending may be included in their expenditures. Third, we will raise the depreciation rate of enterprises and will allow some industries that need special support to accelerate depreciation. These measures will be implemented at a time when the state's financial situation is extremely difficult. All localities and departments should properly organize the implementation of these measures and truly use enterprises' increased financial resources on transforming and modernizing technology.

Liu Zhongli also pointed out: The educational and science development funds arranged in this year's state budget are 49.414 billion yuan and 6.348 billion yuan, respectively—respectively 9.8 percent and 10.8 percent more than last year, and both are higher than the increase in regular financial revenues. Adding the expenditures in other budget items for educational and science and technological purposes, this year the state's financial investments in education and in science and technological development are 60.094 billion yuan and 19.613 billion yuan, respectively.

Liu Zhongli also announced: To accelerate reform of the wage systems of administrative units and institutions and to appropriately solve problems concerning the relatively low incomes of staff members and workers of offices and institutions, we plan, at an appropriate time during the second half of this year, to make structural readjustments to the wages of staff members and workers of administrative units and institutions, while the restructuring of government organs and the system of public service are being implemented. Four billion yuan is budgeted for this purpose; we did our best to do this at a time when our financial situation is fairly difficult.

Luo Gan Reports on State Council Restructuring

OW1603033693 Beijing XINHUA in English 0318 GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—A program for restructuring ministries and commissions of the State Council was submitted here today to the ongoing First Session of the Eighth National People's Congress (NPC) for discussion and approval.

If the program, which aims to make the government structure suited for the development of a socialist market economy, is approved at the session of the highest organ of state power, the State Council will carry out its restructuring within this year.

Entrusted by the State Council, Luo Gan, its secretary-general, gave an elaboration on the restructuring program to the current session.

Luo said the structure reform is designed to mainly change the functions of government institutions, which can be achieved only through separating the functions of the government from those of enterprises.

In light of requirements for establishing a socialist market economy, the government should strengthen departments charged with macro-economic control and supervision and those responsible for the management of social affairs. Government approvals for specific affairs and direct management over enterprises will be minimized.

As a result, the administrative functions of the government will mainly include making overall plans, implementing policies, offering information and guidance, coordinating efforts and providing services and supervision.

It is necessary to straighten up relations between central authorities and localities and among all ministries and commissions of the state council, readjust the makeup of departments, streamline their internal structure, prune their staff, and increase efficiency.

Referring to the main content of reforming the structure of government institutions, Luo Gan said the State Council will keep general economic institutions, including the State Planning Commission, the Ministry of Finance and the People's Bank of China, while establishing a State Economic and Trade Commission on the basis of the existing Economic and Trade Office under the State Council.

He said all general economic institutions must concentrate their work on macro administration.

According to Luo, all specialized economic institutions of the government will be restructured into three categories: economic entities without the administrative functions of government institutions, industrial chambers under the State Council with management functions over specific industries, and administrative institutions that are kept or newly established.

The Ministry of Aerospace Industry will be restructured into two economic entities—a national aeronautics industry corporation and a national aerospace industry corporation.

The ministries of light industry and textile industry will be changed into China Chamber of Light Industry and China Chamber of Textile Industry, which will have the functions of making overall plans, implementing industrial policies, offering macro guidance and providing services to enterprises.

Institutions which are kept or newly established include the Ministry of Foreign Trade and Economic Cooperation—renamed from the Ministry of Foreign Economic Relations and Trade—the Ministry of Power Industry, the Ministry of Coal Industry, the Ministry of Machine-Building Industry, and the Ministry of Electronics Industry.

The previous Ministry of Energy Resources, China General Coal Corporation, the Ministry of Machinery and Electronics Industry, the Ministry of Commerce, and the Ministry of Materials and Equipment will be dissolved.

In order to promote the establishment of a barrier-free market for consumer and capital goods and invigorate circulation of goods, the Ministry of Commerce and the Ministry of Materials and Equipment will be replaced by a new Ministry of Internal Trade.

Luo said specialized economic institutions of the State Council each will usually have 200 to 300 staff members.

According to the restructuring program, there will be 41 ministries and commissions (including the general office) and 18 organizations and administrative offices directly under the State Council. Altogether, there will be a total of 59 of these units under the State Council, as opposed to the present 86.

The number of ad hoc organizations will be reduced from 85 to 26. Altogether, the number of employees in the State Council institutions will be cut by about 20 percent.

Luo said that the government will establish a civil service system and reform the wage system as soon as reform of the government structure is completed.

Surplus employees will be assigned to basic units such as administrations for commerce and industry, taxation and legal departments, or will be encouraged to work in economic entities or launch businesses in the service sector.

Luo stressed that the retirement system must be strictly followed. Those nearing the retirement age should be allowed to retire ahead of time on a voluntary basis.

More on Restructuring Program

OW1603034593 Beijing XINHUA in English 0325
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—The State Council submitted here today to the current First Session of the Eighth National People's Congress (NPC) a program for restructuring the ministries and commissions of the State Council.

According to the program, the State Council will dissolve the following seven ministries:

- Ministry of Energy Resources
- Ministry of Machinery and Electronics Industry
- Ministry of Aerospace Industry
- Ministry of Light Industry
- Ministry of Textile Industry
- Ministry of Commerce
- Ministry of Materials and Equipment

At the same time, the State Council also plans to establish six new ministries (commission) as follows:

State Economic and Trade Commission
Ministry of Power Industry
Ministry of Coal Industry
Ministry of Machine-Building Industry
Ministry of Electronics Industry
Ministry of Internal Trade

The name of the Ministry of Foreign Economic Relations and Trade will be changed into the Ministry of Foreign Trade and Economic Cooperation.

After the restructuring program is completed, there will be 41 ministries and commissions under the State Council, of which 34 are original.

The new makeup of the State Council after the restructuring:

General Office of the State Council
Ministry of Foreign Affairs
Ministry of National Defense
State Planning Commission
* State Economic and Trade Commission
State Commission for Restructuring the Economy
State Education Commission
State Science and Technology Commission
Commission of Science, Technology and Industry for National Defense
State Nationalities Affairs Commission
Ministry of Public Security
Ministry of State Security
Ministry of Supervision
Ministry of Civil Affairs
Ministry of Justice
Ministry of Finance
Ministry of Personnel
Ministry of Labor
Ministry of Geology and Mineral Resources
Ministry of Construction
* Ministry of Power Industry
* Ministry of Coal Industry
* Ministry of Machine-Building Industry
* Ministry of Electronics Industry
Ministry of Metallurgical Industry
Ministry of Chemical Industry
Ministry of Railways
Ministry of Communications
Ministry of Posts and Telecommunications
Ministry of Water Resources
Ministry of Agriculture
Ministry of Forestry
* Ministry of Internal Trade
Ministry of Foreign Trade and Economic Cooperation (renamed from Ministry of Foreign Economic Relations and Trade)
Ministry of Culture
Ministry of Radio, Film and Television
Ministry of Public Health
State Physical Culture and Sports Commission
State Family Planning Commission
People's Bank of China
Auditing Administration.

Note: those marked with asterisks are new ministries (commission).

Ministers Voice Support

OW1603124193 Beijing XINHUA in English 1223
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Chinese ministers voiced their support for a government restructuring program submitted by the State Council to the ongoing session of the Eighth National People's Congress (NPC).

It is a wise move designed to create a government structure better suited for the development of a market economy and, at the same time, it means more pressure, they said.

Six ministers expressed their views this morning in separate short interviews conducted in the Great Hall of the people, where the session was being held.

They had heard a report on the restructuring program delivered at the session by Luo Gan, secretary general of the State Council.

It took more than one year to draft the program, according to informed sources.

Gu Xiulian, minister of chemical industry, said establishment of a socialist market economy, institutional restructuring and streamlining conform to the general trend and popular wishes. "I'm all for it," she said.

Wu Wenying, minister of textile industry, said, "The restructuring program should be tied with the establishment of a socialist market economy. In this sense, it is necessary to separate government administration from enterprise management."

According to the program, Wu said, the Ministries of Textile Industry and Light Industry will be dissolved; to be established will be the China Chamber of Textile Industry and the China Chamber of Light Industry, which will be authorized to work out overall plans for the two industries, implement industrial policies, provide macro-economic guidance and services for enterprises.

Hu Ping, minister of commerce, said, "We've been long ready for the restructuring. The formation of a nationwide barrier-free market calls for a corresponding change of the government structure. Establishment of a Ministry of Internal Trade to replace the Ministry of Commerce and the Ministry of Materials and Equipment will not only help foster such a market and push enterprises onto the market but also facilitate macro-economic controls by the government."

After Deng Xiaoping's tour to south China early last year, some departments under the Ministry of Commerce started cooperation with corporations, Hu said. The ministry has so far set up 19 corporations and will establish another four. All the corporations are separate from administrative departments, he said.

He Guangyuan, minister of machinery and electronics industry, said the division of his ministry into two reflects the principle of seeking truth from facts.

At present, his ministry covers too wide a field to exercise effective management, he said. After the separation, each ministry will have fewer persons and raise efficiency, he said.

When asked why the Ministry of Energy Resources which had earlier replaced Ministries of Coal, Petroleum and Power Industries will branch off again, Huang Yicheng, minister of energy resources, said the essence is whether functions can change, government administration and enterprise management can be separated, and overstaffing can be curtailed.

The restructuring program also calls for dismantling the Ministry of Aerospace Industry and setting up an aviation industrial corporation and a space industrial corporation.

Lin Zongtang, minister of aerospace industry, said aeronautic and astronautic industries were two separate sectors and belonged to two ministries in the past decades though they share some technologies. The separation will benefit both.

Wu Wenying was reluctant to talk about specifics about the dissolution of the Ministry of Textile Industry because the ministry staff have psychological pressure and the change needs a process.

Hu Ping said young employees in the Ministry of Commerce are willing to join corporations, while senior staffers are reluctant to leave.

Though the restructuring program will come across various difficulties or problems, the ministers expressed their confidence in its success. Gu Xiulian said that, after the administrative revamping, new organs will realize office automation, improve macro-economic controls and provide more services for enterprises.

Deputies Propose Enacting Antidumping Law

OW1603090593 Beijing XINHUA in English 0852 GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Deputies to the Eighth National People's Congress (NPC) submitted a bill today, proposing the enactment of China's anti-dumping law to protect new industries, accelerate the readjustment of the country's industrial structure and promote the development of a market economy in China.

The bill raised by Zhang Zhongli and 30 other deputies from Shanghai is the fifth since the opening on Monday [15 March] of the First Session of the Eighth NPC.

Developed countries have formulated their anti-dumping laws to protect their economic interests, the bill

says, and a legal system for China's socialist market economy also calls for the enactment of its own anti-dumping law.

The bill suggests China's anti-dumping law be coordinated with existing economic laws governing external investment, trade and finance, and follow the principle of combining the absorption of foreign experience with Chinese realities. It should take reference from anti-dumping laws of the United States and other developed countries as well as the General Agreement on Tariffs and Trade while taking into consideration China's existing conditions such as production cost, its pricing system and its economic development level.

The bill says China's anti-dumping law should contain the following aspects: Definition of dumping, standards for "severe damages" or "severe threat" to Chinese industries and "severely hampering" the establishment of certain industries in China, determination of normal value, relations between cause and result of "dumping" and "damage," anti-dumping procedures, imposition of anti-dumping duties and the term of duty imposition.

The four other bills received by the bill handling group of the current session of the NPC concern: Enactment of a law of commercial bills, legislation on inheritance and gift taxation, legislation on specialized techniques, and legislation on protection for domestic manufacturing of big chemical fertilizer equipment. All of them were submitted by over 30 deputies.

An official of the bill handling group of the NPC said all the five bills are about economic legislation, showing an enhanced legal awareness and the wish to accelerate economic legislation on the part of the deputies.

Huang Ju Hints at Foreign Bank Renminbi Operations

OW1603115693 Beijing XINHUA in English 0940 GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Huang Ju, the mayor of Shanghai, hinted today that his city might become the first Chinese city to allow branches of foreign banks to do business in renminbi (Chinese currency) if China's Central Bank gives the approval.

Huang did not say any further about when this would happen or whether this would happen at all, in response to a question from a foreign journalist at a press conference this afternoon. It was sponsored by the news center of the current sessions of the National People's Congress and the Chinese People's Political Consultative Conference.

Instead, he merely said, "This question is best referred to leaders of the People's Bank of China (China's Central Bank), but I share basically the same sentiments or feelings as you in this regard."

Thus far, 20 foreign financial institutions have set up offices in Shanghai.

Political & Social

Jiang Zemin Warns Against Rapid Development

HK1603053293 Hong Kong MING PAO in Chinese 12 Mar 93 p 6

["Newsletter From Beijing" by MING PAO staff reporting group: "Jiang Zemin Warns Against Blindly Seeking a High Speed and Urges Developing Economy By Seeking Truth from Facts"]

[Text] At the Second Plenary Session of the 14th CPC Central Committee, Jiang Zemin, CPC Central Committee general secretary, once again expounded the central authorities' views on the "overheated economy" to the Central Committee members and called for persistently "seeking truth from facts." Jiang said that the central authorities will not impose "uniform speed requirements" on various localities with regard to economic growth. This does not mean, however, that various localities can blindly seek a high speed.

Sources said that Jiang Zemin also stated that areas where conditions are not yet ripe and economic growth has yet to be sped up should first try to create the necessary conditions before seeking a faster growth rate. Jiang explained that the lack of imposition of "uniform speed requirements" does not in the least suggest that various localities can start accelerating economic development without paying due regard to macroeconomic regulation and control.

Jiang Zemin also pointed out that the mainland economy has the following four weak links at the moment:

The question of agriculture, the question of shifting state-run enterprises' operative mechanisms, the question of communications and transportation capacity, and the question of slow tertiary industry development.

Jiang stated that the mainland's principle for economic reform is aimed at exploring a specific orientation for building a market economy, and it is thus necessary to step up market building and state macroeconomic regulation and control. Jiang stressed that the state's efficient macroeconomic regulation and control is indispensable to a market economy.

Jiang Zemin noted: It is necessary to formulate correct industrial policies and focus on building a number of large projects. To this end, the state should increase investment to guarantee the construction of such key projects as agricultural infrastructure projects, communications projects, and energy projects.

Jiang Zemin also mentioned certain issues which merit immediate attention. He said: It is necessary to control the scale of investment by concentrating funds on the above-mentioned key projects rather than blindly investing in a large number of ordinary projects. It is necessary to exercise strict control over two sluice gates,

specifically, the credit and loan scale and the currency issue. Jiang Zemin emphatically stated that the mainland's current practice of raising funds through high interest rates and by issuing an excessively large number of bonds has already adversely affected the capacity of banks to absorb funds. As a result, the state has found it difficult to raise funds through banks in making large-scale investments. On the other hand, the state is now unable to issue any more bonds. This situation has given rise to a vicious cycle. Given these circumstances, Jiang said, it is necessary to exercise strict control over both "raising funds through high interests" and issuing bonds in the future, especially after the Eighth National People's Congress [NPC]. He, however, made no mention of the question of stocks.

Sources disclosed that, in order to strengthen legislation work, the Eighth NPC will raise the status of its Legislative Affairs Commission (Legislative Commission for short) to a great extent. It was said that incumbent minister, Personnel Zhao Dongwan, will be appointed the Commission's vice chairman. NPC deputy secretary General Cao Zhi will be appointed the Commission's chairman.

The sources added: The Commission's former Chairman Wang Hanbin is now one of NPC Standing Committee vice chairmen. During the period when Peng Zhen was NPC Standing Committee chairman, the Commission had undisputable authority in respect of formulating, examining, and verifying laws. Deng Rong, one of Xiaoping's daughters (using Xiao Rong as her assumed name), also once acted as the person in charge of the Commission's international law office. After Peng Zhen retired, the commission was downgraded somewhat from one of NPC's permanent commissions to a work institution under the NPC Standing Committee. The Commission is now only given the portfolio of drafting and revising legal clauses.

The CPC has put forth the slogan that "the market economy is an economy under the legal system." Moreover, Qiao Shi is expected to be appointed NPC Standing Committee chairman. Wang Hanbin is expected to be appointed CPC Central Committee Political Bureau alternate member. These changes are deliberately aimed at raising the commission's status and enhancing the NPC's legislative function. Given that Zhao Dongwan will be appointed the commission's vice chairman in his capacity as a minister, the commission has in effect been upgraded from its own former ministerial level.

Ding Guangen Addresses TV Directors' Meeting

OW1303084593 Beijing Central Television Program One Network in Mandarin 1100 GMT 1 Mar 93

[Video report from the "National News Hookup" program]

[Text] [Video opens with a pan shot of a large conference room with approximately 200 people seated in rows of

tables and chairs] A national meeting of directors of TV stations of provinces and cities with economic authority was held in Beijing from 26 February to 1 March. The purpose of the meeting was to discuss ways for TV stations to comprehensively implement the 14th CPC National Congress guidelines so TV as a medium can more effectively serve and be subordinated to the central task of economic construction.

Ding Guangen, member of the Political Bureau and director of the Propaganda Department of the CPC Central Committee, and Ai Zhisheng, minister of radio, film, and TV, attended and spoke at the meeting. [camera shows close shots of Ding and Ai, both wearing Western business suits]

Under the kind attention of the party and the government, China's TV undertaking has advanced rapidly in the past more than a decade. According to statistics, there are 591 TV stations and approximately 220 million TV sets throughout the country, reaching 81.2 percent of the population, or more than 800 million viewers. [video shows the interior of an unidentified TV station]

In the course of discussion at the meeting, comrades agreed that TV is the mouthpiece of the party, the government, and the people; as well as an important tool for publicizing the party's theories, principles, and policies; for reflecting views of the masses; and for guiding public opinion. TV as a medium should not only correctly guide public opinion by bringing into play its role as a bridge between the party and government and the masses of people; it should also strive to occupy a position in the international mass media to more effectively transmit the voice of the 1.1 billion Chinese people to the whole world.

The comrades expressed the belief that to bring about a marked change for the better in TV programs, it is necessary to proceed from the needs of the masses by opening up new categories of programs, creating new forms, increasing the proportion of information and the frequency of news programs, and raising the quality of TV dramas, thereby enriching the TV screen with more colorful and interesting programs to the delight of its viewers.

CPC Recruits 1.76 Million Members in 1992
OW1503043493 Beijing XINHUA in English 0407 GMT 15 Mar 93

[Text] Beijing, March 15 (XINHUA)—The Communist Party of China (CPC) recruited 1.76 million members last year, bringing its total membership to 52 million, according to the organization department of the CPC Central Committee.

Of the new party members, 808,000 are workers and farmers, accounting for 45.9 percent, 290,000 are professionals, accounting for 16.5 percent, and 69,000 are postgraduates and college and middle school students, accounting for 3.9 percent.

Altogether, 1,187,000 new party members, or 67.4 percent of the total, are under the age of 35, and 67.6 percent of them have received at least senior middle school education.

According to the department, more than 12.8 million people applied to join the CPC last year, an increase of 2.2 million over the previous year.

Analysis Forecasts Stable Social Situation

HK1503094293 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 9, 1 Mar 93 pp 3, 4

[Article by Jiang Guocheng (3068 0948 2052): "The Social Situation Is Basically Stable. Steps in Social Changes Have Been Quickened—the Chinese Academy of Social Sciences Publishes Analysis of China's Social Development Last Year and a Forecast of That of This Year"]

[Text] A "Report on Analysis and Forecast of China's Social Development 1992-3," worked out by experts of the Chinese Academy of Social Sciences after investigation and study, was published in Beijing recently. According to the report, China's reform had extended from the economic sphere to the entire social sphere last year and major changes symbolizing a turn in history had taken place in the social situation. As a result, there is now a more pressing demand for comprehensive and coordinated social reform. This year, a relatively high speed will be maintained in China's reform and opening up as well as in the transformation of the social structure, and the social situation will remain basically stable.

The special research report, which was completed on 4 February, elaborates the profound changes in China's political, economic, and social fields in 1992. On the basis of making a comprehensive use of and analyzing the materials provided by the authoritative research departments and functional departments of the state, the report makes a comparatively comprehensive and objective forecast on China's social situation in 1993. It also touches on some problems which should arouse the serious attention of the entire society. The report is an authoritative document.

1992: Changes Symbolizing a Turning Point in History Have Taken Place in China's Social Situation

The investigation report of the Chinese Academy of Social Sciences believes that Deng Xiaoping's south China tour speeches last year and the 14th CPC National Congress indicated that changes symbolizing a turning point in history had taken place in China's social situation. It expounds this formulation from the following six aspects:

—Changes have taken place in the leading value of society. In his south China tour speeches, Deng Xiaoping said that to judge whether our work in various fields is right or wrong, it is necessary to see whether it is beneficial to promoting the productive

forces of the socialist society, beneficial to reinforcing the comprehensive national strength of our socialist country, and beneficial to enhancing the living standards of the people. This exposition, together with the expositions on other issues, such as the question of "being surnamed 'zi' [capitalism] or surnamed 'she' [socialism]," enabled people to shake off some ideological trammels which had become great obstacles to reform and opening up and the modernization drive, enabled China to make a big step forward in the drive to emancipate the mind, and brought about important changes in the leading value of society.

—Changes have taken place in the degree and strength of reform. In essence, reform in the previous stage was chiefly aimed at making a breakthrough in the original structure. There were certain limitations in many reform measures. The inference of "the market economy is not equivalent to capitalism; under socialism there is also a market," which was drawn in Deng Xiaoping's south China tour speeches, and the objective of establishing a new socialist market economic structure put forth by the 14th CPC National Congress brought about important changes in the degree and strength of reform.

—The rate of economic development has been obviously accelerated. In 1992, important changes took place in China's economic operation. A new tide of high-rate economic growth appeared throughout the country, and the gross national products' [GNP's] growth rate reached 12 percent. Being a striking contrast to the growth rates of 1989 and 1990, which were both 4 percent, and the growth rate of 1991, which was 7.7 percent, the 1992 rate was also higher than that of 1988, which was 11.2 percent, and much higher than the rate of 6 percent originally set at the beginning of 1992. While the economy was growing, the state's policy on macroeconomic regulation and control also showed a trend of adopting preferential measures toward basic facilities, basic industries, and the tertiary industry. Sufficient attention was paid to economic returns and the change of industrial structure. This was different in nature from the development pattern in the period from the end of the 1950's to the beginning of the 1970's, which was characterized by developing heavy industry at the cost of consumption. It was also greatly different from the development pattern of the mid-1980's, which was characterized by reducing the scale of the industrial structure and one-sidedly pursuing output value. The economic growth characterized by "going up to a new stage" and the industrial structural readjustment and upgrading accompanying this growth form an important symbol of changes in the pattern of society, which has entered a new stage.

—A new step has been made in opening the country to the outside world. Since last year, although the coastal open areas are still the main areas opened to the outside world, there is an obvious difference compared with the previous stage. That is, the interior

provinces have shown unprecedented enthusiasm in introducing foreign funds and technology and establishing the "three kinds of partially or wholly foreign-owned enterprises" and development zones. As a result, foreign cooperation and foreign trade have vigorously developed, the number of foreign-invested enterprises has increased by a big margin, and a pattern of opening in all directions and all spheres has begun to take shape. All this indicates that China has entered a new stage in the development from a feudal and semifeudal society to an open society.

—Changes have taken place in the procedures of social transformation and the degree of social participation. In the previous stage, social mobilization for reform was carried out level by level from above (the central authorities) to below (the grass roots) and emancipation of the mind and the practice of reform promoted each other. It was a typical feature of gradual progress. But in the new round of reform and opening up beginning from 1992, which was motivated by Deng Xiaoping's south China tour speeches, social mobilization was characterized by the unanimity of views between the leadership and the rank and file and hundreds of people responding to a call simultaneously. A high degree of unanimity and common understanding was achieved throughout the country, from the central government to the local governments at all levels and from various grass-roots units to the members of all social strata, which very soon led to a new high tide in social transformation. In the previous stage, the expectations held by various social circles for the results of social transformation were to gain subsistence and have sufficient food and clothing. But in the new round of reform, the objective was to lead a comparatively comfortable life and achieve an overall social development. There are obvious differences between the two. As far as the degree of social participation is concerned, under the new situation, the state-owned and collective enterprises and institutions and government organizations in the cities, which were in a relatively passive situation in the previous stage, have greatly increased their enthusiasm in social transformation and have, in varying degrees, made a positive response toward the formation of a new market economic structure. In particular, despite the differences in their confidence in and their methods for changing the operational mechanism, the large and medium-sized state-owned enterprises have gained a better understanding of the fact that the enterprises will finally enter the market as independent commodity producers and that the superior will survive while the inferior will be eliminated under the market mechanism. The government organizations, especially those under the county level, have made a new step forward in changing the mechanism.

—Changes have taken place in the people's mental attitude and state of mind. Deng Xiaoping's south China tour speeches and the 14th CPC National Congress

have played a big role in unifying the thinking of the people throughout the country; enhancing the people's confidence in reform, opening up, and the modernization drive; and boosting the morale of the masses of people. In May 1992, the Chinese Academy of Social Sciences and the Social Affairs Section of the State Statistical Bureau carried out an investigation among 20,500 residents in 18 cities of six provinces. The result shows that 91.3 percent of the residents were in favor of further reform on the premise of stability, and more than 60 percent of the residents were optimistic about realization of the objective of leading a comparatively comfortable life by the turn of the century. Moreover, as the new round of reform is coming, people of various social strata have become more sensible in their state of mind. Quite a few people have, in varying degrees, made necessary mental preparations and taken actual measures for the possible loss of personal interests in the next stage of reform. They are making more realistic and rational predictions on reform. Last year, rent, expenses for public services, and grain and nonstaple food prices in the cities were all increased in varying degrees, but the residents were not panic-stricken and did not take irrational actions (such as panic purchasing, runs on the banks, and so forth). This proved, to a certain extent, that the people had become more sensible.

This large-scale and comprehensive investigation report of the Chinese Academy of Social Sciences says: Stability in China's political field and the people's life and state of mind has provided China with a good environment to further quicken its pace of reform and development.

In light of the fact that a series of key indexes concerning social stability were all controlled at below the warning line in China last year, the report expounds the necessity of maintaining basic stability in China's social order. The key indexes (except for the crime rate, which, though not yet worked out, was expected to be below the warning line) include: The national inflation rate, which was 6.3 percent (of this, the rate in large and medium cities was about 10 percent); the unemployment rate in cities and towns was 2.3 percent; to reflect the gap between rich and poor, the average income of the rich was 400 percent higher than that of the poor; the guinea coefficient [ji ni xi shu 1015 1441 4762 2422] of residents' income was about 0.4; rural social insurance covered about 30 percent of the rural population; the natural population growth rate was about 13 per 1000; and the number of temporary residents (referring to those who had resided in a place for half a year or longer) was about 30 million.

1993: The Economy Will Continue To Develop at a High Speed; the Keynote Is That Popular Sentiment Remains Calm

The 17,000-character lengthy report says: Members of Chinese society will adapt themselves to the situation of reform more enthusiastically and actively. Popular sentiment will remain calm, and this will be the keynote of

Chinese society in 1993. On the other hand, the economy will continue to grow at a high rate.

Scholars of the Chinese Academy of Social Sciences predict that in 1993, social development and structural readjustment will be further quickened. A new high tide will appear in the process of urbanization, with large cities as the center, medium and small cities as the main targets, and small cities and towns as the network. The frequency of social movement will continue to increase and, with the changes taking place in the ownership structure and industrial structure, the newly emerging professional groups and interest groups will develop rapidly. Science, technology, and education will become new flashpoints of development. At the same time, reform of the social structure, mainly the reforms of the labor and wage system, the employment system, the social insurance system, and the housing system, will become the focus of people's attention. In general, the situation of stability will continue to be preserved and most of the stability indexes will continue to be controlled at below the warning line.

In 1993, China's national economy will continue to develop at a comparatively high rate. But while emphasizing economic growth, an increase in economic returns should be regarded as a prerequisite. It is estimated that this year's economic growth rate will be a bit lower than last year's level of 12 percent.

The report says that in 1993, as the Zhu Jiang Delta, the Chang Jiang Delta, the Jiaodong Peninsula, the Liaodong Peninsula, and the South-Fujian delta zone, as well as their respective provinces, which have been in the leading position of economic development since reform and opening up, have already accumulated relatively powerful economic strength and rich development experiences and their market economy is considerably developed, in reform and opening up this year, they will be able to develop faster than the other provinces and also get a good lead in the development of social undertakings. The relatively developed areas are of great positive significance to the economic development of the nation as a whole.

With the establishment of a market system, a new type of law-related relationship, established on the basis of the commodity economy and law, will be further strengthened. With the deepening of reform and implementation of the Enterprise Law, there will be obvious changes in the relations between the government and the state-owned enterprises.

The results of the investigation carried out by the Chinese Academy of Social Sciences and the State Statistical Bureau among more than 20,000 residents in 18 cities of six provinces show that 37 percent of the residents showed great concern about reform of the wage and distribution systems, 31 percent of them showed concern about reform of the housing system, and 27 percent showed concern about reform of the social insurance system.

Issues and Proposals Which Should Not Be Neglected

The report of the Academy of Social Sciences believes that a central government which has sufficient authority and is capable of carrying out effective intervention in social development by means of macroeconomic regulation and control is a necessary guarantee for the smooth progress of social transformation at a lower cost. Under the condition of market economy, important changes will take place in the old methods for social management and social control adopted by the central government in the past, which were characterized by a high degree of centralization of power, mandatory planning, and administrative means. But this does not mean that the role of regulation and control by the central government and local governments at various levels in social development can be weakened.

The report points out: Whether the central government and the governments at various levels can give full and rational play to their role of macro regulation and control, appropriately handle the relations between reestablishment of structure and economic development, and promptly resolve the increasing new problems in the course of speeding up social transformation will play a key role this year and for a considerably long period to come, which will affect the nature and orientation of social transformation.

The gap between various regions will be widened because of the duplication of the original ladder-shaped development pattern and the level-by-level push-advance pattern in opening up to the outside world. After China resumes its position in GATT, this gap will be further widened because the superior will survive and develop and the inferior will be eliminated. Therefore, it is necessary to pay attention to maintaining a balance in regional economic development.

The report says: In China, which is a large agricultural country, stability in agricultural production and rural areas is always the foundation for social stability and calm popular feeling. In recent years, as the peasants' burdens have increased and their income has been growing relatively slowly, the actual income of some peasants has actually decreased. This situation should be fundamentally changed. The report makes the following suggestions:

- To strengthen agricultural and grain production and regard agriculture as an insurance industry. Agricultural input and subsidies should not be reduced, and efforts should be made to strive for an increase of 8 percent in the peasants' per capita income in 1993.
- To carry out reform with building of a new market economic structure at the center. It is necessary to take reforms in various fields into overall consideration and control the strength and pace of reforms so that various reform measures can support each other. While quickening the pace of establishing a new socialist market economic structure, the government must carry out effective intervention in those fields

which cannot be spontaneously regulated by the market mechanism, such as social insurance, environmental protection, family planning, education, and basic sciences. Otherwise, serious problems may occur in these fields.

- To follow the principle of proceeding in an orderly way and step by step while speeding up reforms of the wage, employment, medical, and housing systems and other social structural reforms in the cities. It is also necessary to develop the tertiary industry faster. In promoting organizational reform, it is necessary to maintain the relative stability of the ranks of cadres and intellectuals.
- To accelerate the pace of urbanization. If conditions allow, while speeding up construction of basic facilities in medium and small cities, it is necessary to absorb more surplus labor from rural areas and concentrate urbanization in some major areas so that the waste of land, funds, and human resources and deterioration of the ecological environment in the course of urbanization due to a lack of overall planning can be prevented.
- To take strong measures against all kinds of criminal offenses and economic crime. It is necessary to establish and improve the legal order of economic life and expedite economic legislation. It is particularly necessary to attach importance to speeding up reforms of the educational and scientific research structures and to mobilizing the initiative of various quarters to vigorously develop science, technology, and education. It is necessary to pay attention to turning the achievements in scientific research into productive forces and further increase the input in education and scientific research.

Military

Deng Xiaoping's 'Sister' Gets Military Promotion
OW1303040293 Tokyo KYODO in English 0337 GMT
13 Mar 93

[Text] Beijing, March 13 KYODO—The younger sister of China's paramount leader Deng Xiaoping has been promoted to a military executive post, reliable Chinese sources said Saturday.

Deng Xianqun was named director of the Mass Work Department within the General Political Department of the People's Liberation Army some time after last October's convention of the Chinese Communist Party, the sources said.

The promotion is believed to be part of Chinese Communist Party chief Jiang Zemin's effort to express his allegiance to the octogenarian supreme leader, the sources said.

Little had been known about Deng Xianqun's background other than the fact that her mother is different

from Deng Xiaoping's, and in the past she had been mistakenly referred to as a man.

Even major books on China studies published in Hong Kong have mistakenly called Deng Xianqun the younger brother of the Chinese patriarch and given no other details.

Chief of Staff Stresses Learning From Lei Feng

HK1203072493 Beijing JIEFANGJUN BAO in Chinese
1 Mar 93 p 1

[Report by special correspondent Zhang Dongwen (1728 2639 2429) and reporter Wang Hongshan (3769 3163 1472): "PLA General Staff Headquarters Sponsors Public Lecture on Learning From Lei Feng's Advanced Deeds"]

[Text] Beijing, 27 Feb (JIEFANGJUN BAO)—At a public lecture held by organs of the General Staff Headquarters today on learning from Lei Feng's advanced deeds, Zhang Wannian, member of the Central Military Commission and chief of staff, stressed: Given the new historical conditions of reform and opening up, our Army should better fulfill its fundamental functions and, in particular, give wide publicity to the spirit of Lei Feng.

Zhang pointed out: The establishment of a socialist market economic structure has provided new content to the activities of learning from Lei Feng and set higher demands. He called on party and league organizations at all levels to educate and guide the vast numbers of officers and men to firmly support the party's basic line, as Lei Feng did, turn their loyalty to the party into practical acts of fighting for the party's cause, solidly foster the idea of wholeheartedly serving the people, and consciously preserve and carry forward the spirit of being ready to devote one's all to the interests of the party and the people and daring to make sacrifices.

Zhang stressed: It is necessary to encourage cadres and fighters to adhere to their own jobs and posts in learning from Lei Feng, integrate emulation of Lei Feng with efforts to do their jobs well and with emulation of the advanced models around them, fully arouse their work enthusiasm, diligently gain professional proficiency, painstakingly learn military skills to be fully up to the mark, and strive to make first-rate achievements in work. By launching numerous forms of activities, such as vying with one another to produce excellent results, on-the-job training, demonstrations of and competitions in military skills, technical competition, courteous services, and inventions and creations, we should arouse the enthusiasm and initiative of the vast numbers of cadres and fighters to learn from Lei Feng, and encourage them to dedicate their wisdom and strength to building a modern Army and increasing its combat effectiveness, so that the activities of learning from Lei Feng can be full of vigor and vitality and be truly implemented.

PLA Political Director on Lei Feng Campaign

OW1603022293 Beijing XINHUA Domestic Service in Chinese 1020 GMT 8 Mar 93

[By Yang Mingqing (2799 3046 7230) and correspondent Xu Jianping (1776 1696 1627)]

[Text] Shenyang, 8 Mar (XINHUA)—The Shenyang Military Region held a meeting today to commemorate the 30th anniversary of the learn-from-Lei Feng activities. Yu Yongbo, director of the General Political Department of the People's Liberation Army (PLA), addressed the meeting, asking all PLA commanders and fighters to raise the learn-from-Lei Feng activities to a new level under the conditions of a market economy.

The Shenyang Military Region, where Lei Feng served before his death, has achieved fruitful results in learning from Lei Feng. In his speech, Yu Yongbo said: The experience of the Shenyang Military Region and that of the entire military has proved that the faster we promote reform and opening up and develop the socialist market economy, the more we need to study and foster the Lei Feng spirit. The 14th national party congress has proposed raising the building of socialist spiritual civilization to a new level, and the Central Military Commission has also stressed the need to maintain and carry forward the fine traditions of our party and Army. All this means greater demands on us to conduct learn-from-Lei Feng activities. In the new situation, learning from Comrade Lei Feng means modeling ourselves on Lei Feng in fostering patriotism and collectivism, taking a correct attitude toward adjustment of interests in the course of reform, and subordinating our personal interests to the overall and national interests; in living plainly and working diligently in a pioneering, enterprising spirit; in showing concern for fellow comrades, taking pleasure in helping people, and always safeguarding unity within and outside the Army; and in cherishing our duties and enthusiastically taking part in military training with a strong sense of mission and honor to become top military trainees, technical experts, work models, or pacesetters in our fields.

Yu Yongbo asked everyone in the military to learn from Lei Feng while performing ideological and administrative work, and fulfilling other duties to make the Lei Feng spirit strike roots in every ordinary post in the drive to modernize our military, and in every practice of our cadres and soldiers in their efforts to perform meritorious service. Cadres at all levels should become models in learning from Lei Feng and establish a good image for the military units to follow. They should carry the Lei Feng spirit forward from generation to generation.

Song Keda, political commissar of the Shenyang Military Region, gave a report, entitled: "Persistently Launch Learn-From-Lei Feng Activities; Work Hard To Train and Cultivate High-Quality, Outstanding Personnel; and Accelerate the Pace of Military Modernization." The

meeting commended 43 advanced collectives and individuals in learning from Lei Feng. Seven comrades told the meeting about their deeds in learning from Lei Feng.

Economic & Agricultural

Tian Jiyun Advocates International Cooperation

HK1603124593 Hong Kong CHING CHI TAO PAO in Chinese No 9, 8 Mar 93 p 31

[From "China Economic News" column: "The Road of Great International Alliance Should Be Taken To Develop the Economy"]

[Text] Vice Premier Tian Jiyun told a recent meeting that none of the advanced countries had undergone development by relying only on itself. Therefore, if we continue to follow the traditional road where we wanted to accomplish everything on our own, we simply cannot attain any success.

He stressed that tomorrow's world is one in which no country can develop without relying on others. We should not only bring about a domestic alliance, but also ally ourselves with all international forces. We will be sure to lag behind others if we want to accomplish everything on our own or try to be generalists. So long as we uphold the principle of relying on ourselves to provide our people with enough food, we can successfully establish ourselves in an unassailable position. Except for this, we should carry out coordination and cooperation and should introduce and assimilate foreign investment in all other fields. Although we have strived ourselves for many years, we still cannot reach the level of others. Now that those countries advocate protecting their own intellectual property rights, it will be better for us to buy their technologies. After we enhance the quality of our products, they will have to buy our products anyway and our exports will rise then. Some of our comrades want to export more goods without importing anything from abroad. How can this be possible?

MOFERT Vice Minister on Reentering GATT

HK1303082093 Beijing RENMIN RIBAO in Chinese, 8 Mar 93 p 2

["Minister's Hotline" column by Tong Zhiguang, vice minister of foreign economic relations and trade: "What Are the Advantages of Reentering GATT?"—first paragraph is RENMIN RIBAO editor's note]

[Text] Since the opening of the "Minister's Hotline" column, we have received many letters from our readers. In their letters, they express hope that comrades in charge of relevant work can give answers to their questions, such as "Why should China reenter GATT?" and "What advantages can China gain from reentering GATT?" To meet demands our readers, we have relayed their questions to the Ministry of Foreign Economic Relations and Trade. Now, we publish the views of Tong

Zhiguang, vice minister of foreign economic relations and trade, as answers to the aforementioned questions.

The General Agreement on Tariffs and Trade [GATT] is the world's largest international economic and trade organization, which aims to help the world carry out free trade on a fair basis and promote economic growth on a global scale. GATT is a big international contract that has a very powerful binding force. Once it joins GATT, a signatory state should undertake corresponding obligations while enjoying its legitimate rights. Therefore, the member states of GATT are called "signatory parties" instead of "members."

Why should China reenter GATT?

Resuming China's signatory status in the General Agreement of Tariff and Trade ("reentering GATT" for short) is beneficial to protecting and enhancing China's international status, and to safeguarding China's national unity, sovereignty, and dignity. To reenter GATT at an early date is China's last major diplomatic move in its bid to join all major international organizations and realize the goal of "standing proudly in the family of nations" following its resumption of its legitimate seat in the United Nations in 1971.

"Reentering GATT" will bring practical economic benefits to China.

In 1992, China's total import and export volume amounted to \$165.6 billion, ranking 11th among the world's major trading powers. China's export volume has accounted for over 20 percent of the country's gross national product, while its trade volume with signatory parties of GATT makes up over 85 percent of its total import and export volume. Under such circumstances, acquiring stable export markets is of great significance to China's economic development. Loss of international markets will affect many domestic industries and trades, and thus do harm to our economic development. Therefore, reentering GATT at an early date is China's need in safeguarding its international position, upholding reform and opening up, and developing the national economy.

Judging by the world's general economic development, the trend of mutual infiltration, dependence, and amalgamation is gaining momentum, and one country will find it hard to become prosperous without linking itself with the world's economic system. As a matter of fact, after joining GATT, all signatory parties have gained benefits to different extents; as a result, their economies have undergone certain development, and their living standards have been enhanced. It is hard to realize the goal of accelerating economic development only by relying on domestic resources, technology, and markets. Instead, we should rely on both domestic and overseas markets and resources. China's past practice in economic development has also proven that taking part in the big cycle of the international economy has already become an objective demand of the history and a general trend of our times.

What practical benefits can China gain by reentering GATT?

Once China reenters GATT, many bilateral economic and trade problems can be readily solved. Even if certain problems cannot be easily solved within a short time, at least we have an arena to justify ourselves and carry out debates with others. We will not feel isolated and will have a large number of supporters, for we share common interests with the vast numbers of developing countries. In addition, through multilateral talks, we can convince some countries to remove their discriminatory restrictions against us and treat us on a fair and reasonable ground. Under such circumstance, we can further expand our exports.

GATT sets different import tax rates for developing and advanced countries respectively. The average import tax rate for developing countries stands at 15 percent, while that for advanced countries, 3.5-5 percent. This will enable our exported commodities to be more competitive.

Over the past over 40 years, GATT has held many multilateral trade talks, and results have been achieved with each talk. Every time when we took part in such talks, we enjoyed treatment favorable to our country. China took part in the GATT "Uruguay Round" of trade talks in the capacity of observer. It also took part in talks on the "Textile Products Agreement" with the result that our exports of textile products underwent fairly rapid development. Before we took part in the talks, China's annual textile export volume stood at \$6 billion; however, it reached \$17.6 billion in 1991 and exceeded \$20 billion last year.

As the world's 11th largest trading power, China expects more trade friction with some countries in the world. Therefore, we should learn how to win and safeguard the fundamental interests of our country through negotiations. After reentering GATT, we will be able to settle some problems within GATT. In this case, we will have more initiative in our hands, and things will much different from what we now see in bilateral talks in which two parties confront each other.

In addition, after reentering GATT, we will have a chance to acquire large amount of information on the economic development situations, financial states, and trade policies of other countries. Such information can easily be reached once we become a member state.

Reentering GATT is beneficial to China's bid to deepen the reform of its trade system. After reentering GATT, our products will be confronted with two markets, domestic and international, and the domestic market will become one part of the international market. Such a situation can play a positive role in helping enterprises improve their operational management, enhance quality, and reinforce their awareness and capacity of competition.

After reentering GATT, while enjoying our entitled rights, we should also undertake our obligations. The most important obligation is to open our domestic market. This means in the future, we will mainly use tariffs, exchange rates, interest rates, or other economic means to manage our exports. Reentering GATT will not mean that the state will no longer keep control over exports or allow the door of markets to remain open uncontrolled. Instead, we mean to keep control over exports with means recognized by GATT and with usual international practices. We will promulgate laws and rules, such as a "foreign trade law" and an "antidumping law." We will also use, when necessary, preferential clauses GATT grants to developing countries to protect our young and immature industries. Based on all mentioned above things, we will have in our hands the initiative to pursue wealth and avoid damage.

To us, taking part in the operation of GATT means both an opportunity and a challenge.

China should enhance its enterprise management level by leaps and bounds in accordance with international standards. All domestic enterprises should prepare themselves for future competition, and they should take into account factors of international markets and abide by international standards in turning out their products. Judging by the present situation, our products can be classified into the following three categories: The first category includes fine-quality products of which no international competition is feared. The second category covers products which are of good quality yet technologically inferior, unpleasantly presented, outdated in design, and unfashionably packaged. Products in this category can become competitive with some improvements. However, products that waste raw materials or those manufactured in a rough and slipshod way fall into the third category. Products of this category will not win at all in competition with those of the other two categories. Therefore, we need to turn over a new leaf no matter whether or not we reenter GATT.

We should seize favorable opportunities, greet challenges, and make our contributions to bringing about rapid development to China's economy and trade and to benefitting the world's economy.

Laws on Foreign Involvement in Overseas Stocks

HK1303023093 Beijing CHINA DAILY in English
13 Mar 93 p 1

[Report by staff reporter Chang Weimin: "Strict Laws Introduced for Foreign Accounting"]

[Text] Only certified foreign accountants affiliated to international accounting firms with branches in China are qualified to help Chinese enterprises issues stocks overseas.

This was one of the stipulations made by the Ministry of Finance and China Securities Regulatory Commission (CSRC) at a conference in Beijing yesterday.

CSRC issued a total of 16 provision for certified accountants and accounting offices to obtain credentials for handling stock market business.

The requirements, which came into effect yesterday, are another move to strengthen legal scrutiny over the country's fledgling securities industry.

Last month, the Ministry of Justice and CSRC issued a set of provisions on credentials for lawyers and law firms authorized to handle securities business.

According to the new accountancy provisions, any offices which undertake consulting and other services for stock-issuing firms and organizations or security markets should apply for the credentials.

And a foreign accountancy practice that already has the credentials must renew them every year.

A document issued as a supplement to the new provisions says the requirements are aimed at creating a united, efficient and fair securities market.

The provisions will also help improve legal management of the securities industry and protect investors' interests.

Observers say the stipulations signal a large-scale experiment of China's shareholding system.

They believe the provisions will pave the way for introducing stock markets to every province and autonomous region as well as large cities.

At present, only the cities of Shanghai and Shenzhen have established stock exchanges approved by the central government. A small number of enterprises have been allowed to try shareholding.

CHINA DAILY has learned that other laws and regulations are being prepared to step up a sound development of the country's stock market.

China, where State-owned enterprises constitute the mainstream of the national economy, began testing stock markets in 1991.

But the securities industry is confused. Nearly every enterprise wants to issue stocks to raise funds and individuals dream of becoming wealthy by speculating in the market.

Government officials, however, have been cautious to allow applicants to take part in the stock trade. [sentence as published]

China, a country with a population of 1.1 billion and a protracted period of a closed economy, is set to introduce security trading and shareholding only gradually.

Yesterday, the ministry and CSRC also announced that of a total of 1,600 Chinese accounting offices, only 45 have been approved to undertake stock exchange business.

Of the 45, nine are in Beijing, 12 in East China, 10 in South China and only two in the country's northwestern part.

A CSRC spokesman said credentials would be given to more accountants later this year.

Energy Price Rise To Help Fund 3 Gorges Project HK1603132593 Beijing CHINA DAILY in English 16 Mar 93 p 1

[Report by staff reporter Wang Yong: "Sufficient Funds for 3 Gorges Assured"]

[Text] China's Three-Gorges Project, the world's largest hydraulic project, will obtain sufficient funding without incurring an undue financial burden for the State, a top government official said in Beijing yesterday.

Wei Tingcheng, head of the Yangtze River Water Resources Commission, told China Daily that a planned electricity price reform and issuing of bonds and stocks at home and abroad would help raise the money.

Wei said the project, which involves 57 billion yuan (\$9.83 billion) in terms of a 1990 constant price, is on the verge of formal construction.

He revealed that China has plans to raise prices for electricity nationwide to help establish a special fund for the project.

Moreover, the Gezhouba Hydropower Station on the Yangtze River will raise its prices for electricity sent to the eastern part of the country.

Wei said the State is speeding up preparatory work for formal construction. He said formal construction may start early in China's Ninth Five-Year Plan period (1996-2000).

"The mammoth emigration will not degrade the living standards of local people," said Wang Hanzhang, a deputy director of the Standing Committee of the People's Congress of Hubei Province, where the dam is to be located.

Some 10,000 households in the dam area will be relocated in two or three years, he said.

The emigration involves about 1.13 million people. The State will fork out 18.5 billion yuan (\$3.2 billion) for that project.

"What's more, the relocated people will obtain a certain proportion of the profits from power generation when the dam comes on stream," Wang said.

Article on 'Comprehensive' Tax Reform Plan
HK1203031893 Beijing CHINA DAILY in English
12 Mar 93 p 2

[Article by staff reporter Zhang Yu'an: "Tax Reform Will Affect Every Area of Economy"]

[Text] A senior Chinese taxation official yesterday unveiled a plan for comprehensive tax reforms.

The reforms aimed to make China's taxation system simpler, more rational in structure and more efficient to administer, Jin Xin, commissioner of the State Tax Bureau (STB), announced at the opening of the two-day meeting of the Advisory Council for Commissioner of the State Tax Bureau.

The council, China's first, comprises dozens of entrepreneurs from world-renowned corporation, economists, tax experts and scholars as well as officials from foreign countries, the International Monetary Fund and the United Nations.

The meeting is designed to gain ideas on taxation and advanced management methods from developed capitalist countries and to help the STB speed up the reform of China's taxation system to meet the demands of a socialist market economy.

"To practise market economy, we should completely change the inefficient pattern of the planned economy in which economic development is directed by administrative means," Jin said.

Reform of the taxation system would include income and turnover taxes, overall application of value-added tax in production and distribution, the unification of enterprise income tax and readjusting the tax structure.

Income tax for State, collectively-owned and private enterprises would be merged into one tax of 33 per cent for all domestic enterprises.

Measures would also be taken to change the existing system of enterprises paying bank loans before the payment of taxes to settling taxes first so a steady State income was guaranteed.

Reforming turnover tax would establish a new system for such tax, with value-added tax, product tax and business tax each independent.

Value-added tax would be applied universally in industrial and commodity wholesale and retail sectors, product tax imposed selectively on a limited number of products and business tax applied to tertiary industry, also known as the service industry (commodity trading excluded).

To promote reform and opening up further, Jin said tax on industrial and commercial sectors would become closer to domestic product tax.

Value-added tax, business tax and a unified turnover tax system would be established for both domestic and foreign investment enterprises.

As for tax reform on individual income, the country planned to formulate a unified law irrespective of tax payers' nationalities.

New taxable items for individual business income would be added to the new law and differential treatment adopted to deduct living expenses for Chinese and aliens.

Jin said taxes would be levied on the recovery of petroleum, metallic and non-metallic mineral resources.

Urban construction tax would be converted into an independent local tax.

Moreover, a system would be introduced to enlarge the scope of local taxes and strengthen localities' revenue increases to promote development of local economies.

State Council Forbids Guarantees From Agencies

OW1603055593 Beijing XINHUA Domestic Service in Chinese 0837 GMT 9 Mar 93

[Text] Beijing, 9 Mar (XINHUA)—The General Office of the State Council recently issued a circular strictly forbidding administrative organs from offering guarantees for economic activities. The circular reads in full as follows:

In recent years, as borrowing and lending activities between domestic enterprises and institutions become more frequent, some units have asked administrative organs to act as guarantors for such activities and to accept economic responsibilities. Relevant departments of the State Council have issued circulars on many occasions forbidding administrative organs from standing as guarantors for economic activities between domestic enterprises and institutions. Nevertheless, instances of administrative organs standing as guarantors have taken place from time to time. To earnestly rectify this problem, the following stipulations are formulated with the approval of the State Council:

1. State organs should fully realize the risks and harmfulness of guarantees for economic activities. State organs do not have the ability to pay debts for other units. If they undertake such a responsibility, they will have to pay debts for other units with their business funds and staff wages; or else there will be many economic disputes or even bad debts, affecting normal economic activities and order, and which would be harmful to establishing a socialist market economy. Administrative organs at all levels must take the consequences seriously.

2. No state organs will be allowed to offer guarantees for domestic enterprises and institutions in their economic

activities. Those which have already given such guarantees should take effective measures to correct the situation immediately.

3. State organs should take further steps to enhance their sense of the law. When state organs offer guarantees for economic activities between enterprises and institutions in violation of the regulations, the people who approve the guarantees should be held accountable. In case contract disputes arise and economic losses are incurred, leaders of the state organs and personnel directly responsible for approving such guarantees shall be punished accordingly. They will also be investigated for criminal responsibility in serious cases.

Zhu Rongji Urges Increasing Cotton Production

*OW1203213193 Beijing XINHUA in English
1456 GMT 12 Mar 93*

[Text] Beijing, March 12 (XINHUA)—Chinese Vice-Premier Zhu Rongji has urged farmers to plant more cotton.

At a national conference on cotton production which closed on Wednesday [10 March], Zhu said that the state needs cotton and would adopt necessary measures to encourage farmers to plant more cotton this year.

He said the state will guarantee the purchase and the farmers will get good prices.

The conference, convened in Beijing on March 8, focused on measures for boosting up this year's cotton production.

In his address to the conference, the vice-premier briefed the deputies about China's current situation and announced the state's policies on cotton production.

He said that worries about cotton sales should be dismissed, since the price of cotton contracted with the government will not be lower than in the previous year.

The state will not let cotton growers suffer losses and will protect their interests.

He pointed out that as one of the important economic crops, cotton is the major material for China's textile industry, the pillar in the country's economy.

He called for expanding cotton planting areas and perfecting the service network for production.

He declared four measures for cotton production: issuing discount loans; arranging funds for purchase of cotton and eliminating "IOUs"; implementing contracts in cotton production areas with the selling part marked to compensate for the production area; selling materials including chemicals and diesel to the cotton growers at negotiable prices.

National Crackdown on Fake Goods 'In Full Swing'

*OW1203173693 Beijing XINHUA in English
1219 GMT 12 Mar 93*

[Text] Beijing, March 12 (XINHUA)—A nationwide crackdown on fake and inferior commodities, now in full swing, is aimed at exposing producers and dealers of such goods to the public and the law.

According to official statistics, national administrative departments for industry and commerce investigated 116,800 cases of producing and marketing fake goods in 1992. 13,200 fake goods' workshops and distribution centers were dismantled during the crackdown. Some 366 million yuan (about 67.7 million U.S. dollars) worth of shoddy goods were seized and destroyed by the state.

Some 1,000 varieties of shoddy products were seized. These inferior or dangerous products range from capital goods to fake farm seeds, fertilizers, pesticides, medicines and food. Also seized were huge amounts of fake cigarettes, liquor and household electronic appliances.

Liu Minxue, head of the State Administration for Industry and Commerce, said at a press conference held here today that judicial departments still must consider 1,190 counterfeit cases and 2,200 fake goods producers.

According to Liu, though much progress has been achieved in the crackdown, the problem of poorly produced or counterfeit goods remains a hard nut to crack.

Illegal dealers in fake commodities have become more crafty and the methods by which they operate have become more shadowy, said Liu.

Liu said that a thorough elimination of shoddy goods demands close cooperation and the establishment and strict enforcement of consumer protection laws.

Liu also stressed that local protectionism should be wiped out as soon as possible; an educational campaign on occupational ethics should be conducted among all producers and managers; and consumers should become better informed about negligently produced goods.

In a word, solving the problem requires the combined efforts of all members of society, Liu said.

Crackdown Nets 2,200 Offenders

*HK1303040893 Beijing CHINA DAILY in English
13 Mar 93 p 1*

[Report by staff reporter Ma Zhiping: "2200 Fakers Arrested in Offensive on Fraud"]

[Text] Last year's nationwide anti-fake campaign resulted in the arrest of more than 2,200 law-breakers.

The State Administrator for Industry and Commerce, Liu Minxue, said yesterday in Beijing that his organization, China's major force in the fight against counterfeit production and marketing, had organized up to 1 million "inspectors."

They had wiped out more than 1,300 fake-product centres around the country last year, greatly curbing the influx of counterfeit commodities on to domestic markets.

Liu said that over 116,000 cases had been uncovered. The figure accounts for 62 percent of the country's total economic crime in 1992.

The amount of shoddy goods being destroyed or handled by administrations for industry and commerce was valued at 366 million yuan (\$63.1 million).

Fines collected by the State totalled 114 million yuan (\$20 million).

But, although China had been intensifying its fight against the making and selling of fake and substandard products, the problem was still very serious and had aroused public indignation nationwide, Liu said.

Greed was the main reason behind such illegal activities. However, the specific causes of some cases were very complicated, he stressed, adding that local protectionism was also to blame for the flood of shoddy and substandard products.

For example, a father and son from Jiangsu Province who had been turned over to the local judiciary had produced fake fertilizer for four years.

From 1989 to 1992, Bao Qingzhen and Bao Mingyou had sold 1,400 tons of useless fertilizer labelled with fake trademarks of State-owned factories to nearby counties and provinces.

Without a production permit, business licence, necessary technology and equipment, the farmers had carried on their illegal production under the protection of the local town government, which received about 30,000 yuan from the farmers' "fertilizer factory" every year.

Loopholes in the legal system and a lack of self-protection among industrial enterprises were also exploited by illegal profiteers, who usually received light punishments for their serious crimes.

Article on 'Problem' of 'Surplus Rural Laborers'

HK1503133193 Beijing LIAOWANG in Chinese No 8, 22 Feb 93 p 3

["Liaowang Forum" by You Hongbing (3266 1347 3521): "Labor Tide Calls for Great Efforts To Develop Rural Employment Channel"]

[Text] This issue of LIAOWANG gives prominent coverage to reports on the recent labor tide.

At the heels of Spring Festival of the Year of the Rooster, millions of peasants again packed their luggage and left their hometowns for coastal open areas and a number of large and medium-sized cities to look for jobs. Thus, communications lines, including train stations and piers, again come under the pressure of another big tide of floating laborers.

Reflecting a new situation wherein China's surplus laborers are badly in need of employment opportunities, this labor tide of a considerable size is making this appeal: Vigorously developing rural employment channels is necessary for deepening rural reform and further promoting agricultural production; it is also a major event in the course of the socialist modernization drive.

Ever since the beginning of reform and opening up, especially with the continued deepening of rural economic restructuring, China's rural areas have seen the rise of a trend in which large numbers of rural laboring forces, who were just liberated from the old operational system of production, are rapidly moving toward coastal open areas and a number of large and medium-sized cities. This trend is attributable to many factors, among which one major factor is that China's farmland is overloaded and there are large numbers of surplus laborers in rural areas.

During the period from 1949 to 1991, China's total acreage under cultivation was reduced from 1.468 billion mu to 1.435 billion mu, while the total number of rural laborers during the same period increased from 173 million to 428 million. Putting other issues aside, calculated at the agricultural productive level of 1949, the total number of existing surplus laborers has reached 260 million in China's rural areas. Township and town enterprises, which were first set up in the 1980's, have recruited nearly 100 million rural laborers. However, there are still over 150 million surplus laborers remaining in China's rural area, with an increase of over 6 million each year. Peasants need to find jobs. However, when they cannot find opportunities in their local areas, it is natural for them to look for jobs in other parts of the country. On the other hand, coastal open areas, economically advanced regions, as well as a number of large and medium-sized cities stand in need of laborers at the same time. When there is both demand and supply, a channel linking up the two is floating laborers. Therefore, such a situation has given rise to the trend of a large numbers of surplus rural laborers flowing from inland and mountainous areas to coastal open areas, and from less advanced areas to fairly advanced areas. It has been learned that the Zhu Jiang Delta alone has recruited 34 million [as published] rural laborers; while Beijing, over 1 million.

By working and doing business in other parts of the country or engaging themselves in the tertiary industries in urban areas, the vast numbers of the surplus rural laborers have not only helped, with their cheap labor services, accelerate the economic development of the regions and cities into which they have flowed; but also

have earned money for themselves, learned new knowledge and techniques, changed their old concepts, and enhanced their awareness of the commodity economy. Consider the case of Henan Province. The province has 3 million peasants working in other parts of the country. In 1992, these peasants sent or brought home about 2 billion yuan worth of belongings. Such support is very helpful to rural areas in their efforts to change their backward outlook. In some localities, peasants who have returned after working in other places for several years are setting up factories or shops in their hometowns. By so doing, they have actually played the role of spreading information, technologies, and new concepts; promoting the commodity economic development of their localities; and rejuvenating the economy of their own hometowns. A county in Hunan Province sees the return of over 100 peasants who have worked in other parts of the country for several years. Among these peasants, some have brought back managerial experience they have gained during the several years, and established over 10 rural enterprises. As a result, they have provided jobs for over 3,000 people right in their hometown.

The practice by which peasants work and do business in other parts of the country has its inevitability and positive significance. However, we should also notice at the same time that it is impossible to provide employment to China's 100-200 million surplus rural laborers through the method of "laborer flows" alone. According to an estimate made by relevant departments, the over 10 million rural laborers working in all parts of the country has made up only about 10 percent of the country's total surplus rural laborers. Even at such a scale, the country's existing communications and transportation capacities have found the load unbearable. In addition, because working posts are limited in regions into which laborers flow, many peasants who come from afar are unable to find any jobs, yet they have spent much money on their fruitless trips. What is more, such a situation is harmful to the traffic control and public security of these regions. Therefore, it has become extraordinarily important to strengthen the organization of and guidance to the flow of rural laborers. In a bid to reduce the blindness of laborers' flows and to avoid exerting an adverse impact on our society and economy, relevant departments and leaders in all localities should act in accordance with the economic law; adopt scientific measures and methods; and organize peasants to export their labor services in a well-organized and well-planned way through coordination between importing and exporting areas and on the basis of mastering information on supply and demand.

To solve the problem of China's large number of surplus rural laborers, the only way out is to closely integrate the method of settling problems in local areas with the social and economic development of rural areas, and place our focus on creating more jobs through accelerating rural economic development. This is a method which can reach the root of the problem. To achieve this goal, a great deal of work needs to be done. At present, a

considerable number of peasants fail to show high enthusiasm in growing grain; some are no longer willing to undertake farming under contracts; while others have abandoned their farmland. A major cause for such a situation is that the economic returns of farming are very low, while burdens borne by peasants are heavy. To put an end to such a situation, we need to carry out comprehensively the policies and measures made by the party Central Committee and the State Council on lightening the burdens of peasants, and help solve a number of problems currently plaguing peasants, such as "difficulties in buying and selling" and "IOUs"; and to work out policies which tally with local conditions and are beneficial to the cultivation of the market, and which guide peasants to gear themselves to the market needs; to do a good job in drawing up general planning for the development of rural areas, cultivate and organize the system of socialized services, earnestly help peasants solve their problems in various fields, show concern over and safeguard the economic interest and legitimate rights of peasants, increase the income of peasants, mobilize the enthusiasm of peasants in production, rejuvenate the rural economy comprehensively, create more employment opportunities in local regions, and make farmland more appealing to peasants.

Judging from a long-term point of view, to expand employment channels in rural areas and give peasants more employment opportunities, we need to speed up the development of nonagricultural industries in rural areas, as well as the process of urbanization. Of China's total population, 900 million live in rural areas, and we will find it hard to provide employment to all of them by only allowing them to grow grain or work and do business in urban areas. Therefore, we need to adopt new thinking, readjust the cultivation structure according to local conditions; promote a fine-quality, high-yield, and high-efficiency agriculture; develop a diversified economy; establish village-, township-, and town-level industries; speed up the building of rural towns; promote small-town economy that can link up rural and urban regions; and attract more surplus rural laborers with advanced secondary and tertiary industries in rural areas.

Rural areas are vast where many features await us to develop and accomplish. So long as we emancipate our mind, change our concepts, and try our best to forge ahead, the road of providing more employment opportunities to the rural population will become wider and wider.

Customs Authority Reports Rise in Foreign Trade *OW1203181893 Beijing XINHUA in English* 1312 GMT 12 Mar 93

[Text] Beijing, March 12 (XINHUA)—China witnessed a 25.2 percent increase in foreign trade in February over the same period of last year with a total trade volume of 12.29 billion U.S. dollars, according to China's customs.

This February, China's export volume reached 5.82 billion U.S. dollars and the figure for imports reached 6.47 billion U.S. dollars, increasing by nearly 20 percent and 35 percent respectively over the same period of last year.

China's main exported goods in February included garments, textiles, shoes, toys, plastic products, TV sets, sugar, tea and medicinal materials.

Its main imported goods last month were rolled steel, textile machinery, automobiles and chassis, processed oil, aircraft, copper, metal-cutting machine tools, wool, iron ores and synthetic fiber.

During the first two months of this year, China's total foreign trade volume reached 18.86 billion U.S. dollars, including an export of 9.18 billion U.S. dollars and an import of 9.68 billion U.S. dollars.

Central-South Region

Guangdong Secretary Xie Fei Calls Study Meeting

HK1603083093 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 13 Mar 93

[Text] Yesterday afternoon in Guangzhou, the provincial CPC committee called a Meeting of Cadres of Organs Directly Under the Provincial Authorities to relay and study the Second Plenary Session of the 14th CPC Central Committee.

Xie Fei, member of the Political Bureau of the CPC Central Committee and secretary of the Guangdong Provincial CPC Committee, and Zhu Senlin, provincial deputy party secretary and provincial governor, relayed Comrade Jiang Zemin's important speech to the plenary session and the plenary session's main documents to over 300 participating persons who are major comrades in charge of organs directly under the provincial authorities and who are at and above the provincial departmental, commission, office, departmental, and bureau levels.

Before this, the standing committee of the provincial CPC committee called a meeting on 10 March, which was presided over by Comrade Xie Fei, to relay the spirit of the Second Plenary Session of the CPC Central Committee to members of the Standing Committee of the provincial CPC committee and members of the various leading groups and discuss suggestions on its implementation.

Guangdong Grain Production Continues To Fall

HK1103035593 Hong Kong TA KUNG PAO in Chinese 3 Mar 93 p 4

["Special dispatch" by staff reporter Liu Shao-hui (0491 4801 6540): "Ou Guangyuan, Vice Governor of Guangdong Province, Reveals That Guangdong's Grain Output Will Further Decrease by 8 Percent This Year"]

[Text] Guangzhou, 2 Mar (TA KUNG PAO)—Ou Guangyuan, vice governor of Guangdong Province, today said that grain production would further decline this year in Guangdong.

On behalf of the provincial people's government, Ou Guangyuan delivered a report on the situation of agricultural production to the First Session of the Eighth Provincial People's Congress opening today. He said: The situation in agricultural production early this year was good on the whole, but problems that must not be neglected also exist. The area of farmland sown with grain crops continued to decrease, and the total grain output will further decline correspondingly. According to comprehensive estimates, this year the area of farmland sown with grain crops throughout the province decreased by another 3 million mu, after last year's decrease of 3 million mu. Thus, the total area of farmland for growing grain crops decreased from last year's

53.08 million mu to this year's 49 million mu, or 8.3 percent. It is expected that the total grain output will decrease by another 1.36 million tonnes after last year's decrease of 630,000 tonnes. Thus, the total grain output may decrease from last year's 18.10 million tonnes to this year's 16.74 million tonnes, or 8.2 percent. If there are natural disasters, this year's grain output will drop more sharply. The main reasons for the decrease in grain production include the low economic efficiency of planting grain crops and the failure to establish an effective mechanism for overall adjustment and control after grain prices were decontrolled. In addition, production materials were in short supply and out of stock; there was also a shortage of agricultural funds, which were seriously abused. Moreover, many localities were affected by the cold waves early this year, and the output of crops to be harvested in spring definitely will be reduced.

In view of this situation, the provincial government is taking measures to increase agricultural input and credit, encourage townships and villages to properly run rural credit cooperatives, and carry on the work of delimiting agricultural protection zones. Farmland will be kept relatively stable over a long time, and relevant policies will be formulated for protecting agriculture and arousing peasants' production enthusiasm.

Guangxi Secretary Addresses Propaganda Meeting

HK1003144593 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 3 Mar 93

[Excerpts] A regional meeting attended by directors of propaganda departments from throughout the whole region opened in Nanning yesterday. Zhao Fulin, regional CPC secretary, made an important speech at the meeting. Comrade Zhao Fulin first affirmed the important role of propaganda and ideological work in the building of the two civilizations in the whole region. He said: Over the past two years, and last year in particular, large-scale reform, opening up, and development have taken place in our region's economic construction. In 1992, the gross national product [GNP] for the whole region reached 56.1 billion yuan, an increase of 18.2 percent over 1991. Our development growth rate ranked sixth in the whole country, and we reaped a comprehensive bumper agricultural harvest. These achievements are inseparable from the effective work of the propaganda and ideological departments. Their achievements have been mainly reflected in the fact that they have persisted in using Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to educate the broad masses of cadres and people and that they have fully made use of mass media to create a fine public opinion environment for reform, opening up, and economic construction throughout the region. They have conscientiously grasped rural socialist ideological education and increased the socialist consciousness of the broad masses of rural cadres and peasants through socialist ideological education. They have strengthened

the building of rural grass-roots organizations and forged closer links between the party, government, and the masses. All this has pushed forward rural reforms and economic development.

Zhao Fulin added: The building of socialist spiritual civilization has been further strengthened. Efforts have been made to strengthen propaganda work connected with foreign affairs so public opinion abroad giving publicity to Guangxi has been improved and the number of foreign businessmen who come to Guangxi to make investments or do business has markedly increased. The amount of foreign capital we have used has doubled. While grasping antipornography and promoting prosperity, we have strengthened our control over the cultural market to bring about successful literature and art and publication undertakings.

While talking about the issue of fully understanding the position and role of our propaganda and ideological work, Secretary Zhao said: Viewed from historical perspectives, propaganda and ideological work has always been our party's major political strong point. It is an undertaking of the whole party, a very important component part of party work, and also an important battle-front. He continued: Each and every victory in our cause is inseparable from our party's painstaking and effective propaganda and ideological work. As far as the current situation is concerned, our party's theoretical line and administrative guidelines have been set. Since establishing the socialist market economy is a new feature, and people's ideas are not completely the same, it is necessary to give play to the strong point of our propaganda and ideological work, strengthen our ideological education, and help people emancipate their minds and change their concepts. Comrades working on the ideological and propaganda fronts must clearly understand their heavy historical mission, overcome their sense of inferiority and helplessness, and increase their sense of honor, responsibility, and mission. They must fire their enthusiasm, press forward in the face of difficulties, and make efforts to do their work well.

In his speech, Secretary Zhao stressed: It is necessary for us to clearly understand the tasks of our propaganda and ideological work. We must carry out our propaganda and ideological work around the focus of the regional CPC Committee in 1993. First, it is necessary to continue to grasp properly the studying and implementation of the spirit of the 14th CPC National Congress, using Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to arm the broad masses of party members and cadres throughout the region. Second, it is necessary to grasp properly our mass discussion on the socialist market economy. Our studies and discussions must be generally arranged during the first half of this year. Third, it is necessary to do our propaganda and educational work properly in various respects closely around economic construction, which is the center of our work. We must attach more importance to and strengthen our propaganda for agriculture. We must also strengthen our propaganda aimed at speeding up the

transformation of enterprises' operational mechanisms, with emphasis on state-owned medium and large enterprises. We must give wider publicity to strengthening opening up to the outside world and expanding lateral links. We must also give more publicity to the development of spiritual civilization and party building. Fourth, it is necessary to give more publicity to reform and building departments in charge of ideological work themselves. With regard to the guiding ideology and content of the work, we must earnestly shift them onto the track of serving economic construction. [passage omitted]

In his speech, Secretary Zhao also emphasized that party committees at all levels must truly strengthen their leadership over propaganda and ideological work. The meeting was presided over by Yang Jichang, regional party committee Standing Committee member and director of the provincial propaganda department. Ding Tingmo, regional party deputy secretary, was also present at yesterday's meeting.

Guangxi Chairman Discusses New Government Work

HK1603053493 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 3 Mar 93

[Text] The first plenary session of the regional people's government in 1993 was held in Nanning yesterday afternoon. This was also the first plenary meeting held since the establishment of the new regional government. The meeting was presided over by Yuan Zhengzhong, regional vice chairman. Chairman Cheng Kejie made an important speech at the meeting.

Li Zhenqian, Lei Yu, and Xu Bingsong, regional vice chairmen; Wang Rongzhen and Chen Ren, special advisers to the regional people's government; Wang Zhuguang and Zhang Shenzhen, former special advisers to the regional government; and responsible comrades from various regional commissions, offices, and departments were present at the plenary meeting. Those who attended the meeting on invitation also included responsible persons from the regional CPC Committee, regional People's Congress, regional Chinese People's Political Consultative Conference, and relevant regional departments, trade unions, the Communist Youth League, Women's Federation, and departments stationed by the central authorities in Guangxi.

In his speech, Chairman Cheng Kejie said: The First Session of the Eighth Regional People's Congress has examined, discussed, and approved the regional government's work report and the proposals on amending important targets in the Eighth Five-Year Plan and the 10-Year Program. It has set a new objective of struggle for our region in the 1990's. In other words, we must overfulfill the target of re-doubling our economy three years ahead of schedule. This means that our present government is shouldering a more strenuous task, and that we are holding a more important responsibility.

Chairman Cheng first talked about guiding ideology and ideas for the work of the new government. He said: Taking the spirit of the 14th CPC National Congress as a guide, we must further emancipate our minds, seek truth from facts, and proceed from Guangxi's reality to speed up the pace of reform and opening up, readjust our production setups, optimize our overall arrangements, improve our product quality, and increase our efficiency around the center of establishing our socialist market economic system. In the meantime, we must strengthen the building of socialist democracy, legal system, and spiritual civilization to promote general progress in society. This is the guiding ideology for the work of the government.

Chairman Cheng Kejie also expounded the seven focal points for the work in 1993. First, we must truly place agriculture before various economic work. Second, we must speed up the transportation facility project, and the development of infrastructure projects including telecommunications, energy, and so on around the task of constructing a sea passageway in the southwestern region. Third, we must continue to grasp well the work of supporting the impoverished. Fourth, we must make full use of foreign capital to further expand opening up to the outside world. Fifth, we must extensively conduct mass discussion on the socialist market economic system. Sixth, we must speed up the transformation of operational mechanisms of industrial enterprises with emphasis on returning the 14 decisionmaking powers to enterprises. Seventh, we must persist in doing two types of work simultaneously [words indistinct], and do well in the management of public security and the building of an honest and clean government administration.

Chairman Cheng Kejie also talked about specific issues, such as division of work and cooperation among members of the government leadership and replacing elderly cadres with young ones. At the meeting, responsible comrades from the regional economic commission, regional transportation department, and regional forestry department also delivered speeches.

Hainan Secretary Views Role of Agriculture

HK1003090693 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 9 Mar 93

[Excerpts] The Provincial Rural Work Conference was called in Haikou yesterday. The conference's main task was to implement and put into practice the spirit of the Symposium of Six Provinces on Agricultural and Rural Work and the National Television-Telephone Conference on Rural Work, which were recently held by the CPC Central Committee and State Council, and to further strengthen the fundamental role of agriculture, strengthen leadership over rural areas and agriculture, adopt measures to protect the interests of the peasants, develop the rural socialist market economy, and ensure that agriculture and the rural economy will develop steadily.

Wang Xiaofeng, provincial deputy party secretary, presided over the conference. Ruan Chongwu, provincial party secretary, delivered an important speech at the conference. Chen Suhou, vice provincial governor, gave a work report entitled "Strengthen the Fundamental Role of Agriculture, Develop the Rural Market Economy, and Ensure the Sustained Development of Hainan's Agriculture and Rural Economy."

Ruan Chongwu, provincial party secretary and provincial governor, gave an important speech at the conference. He said: Hainan's rural population accounts for 80 percent of the total, and the gross agricultural output value accounts for over 50 percent of the gross industrial and agricultural output value. Among industrial enterprises, the sugar and beverage industries use farm products as raw materials; among exports, farm products and processed products that use farm products as raw materials also account for a considerably large proportion. If we fail to boost agriculture, Hainan's industry, foreign trade, and tourism will be greatly affected as well. If we fail to boost agriculture, the peasants will be unable to attain prosperity. [passage omitted]

Ruan Chongwu stressed that, in rural work, it is necessary to stick to attaching simultaneous importance to material and spiritual civilization, to continue to pay good attention to birth control and the comprehensive management of public security, and to develop various rural cultural undertakings so that there will be more outstanding achievements in rural spiritual civilization.

In conclusion, Ruan Chongwu pointed out: Although there are a great many points to be made about the rural areas, we must not forget at any moment the central task of taking economic construction as the center and leading the people to attain a relatively comfortable life. It is necessary to change the work style, improve methods, and struggle arduously for the invigoration of agriculture and the rural economy.

Other provincial party and government leaders attending the conference were Du Qinglin, Wei Zefang, (Dong Hanyuan), (Liu Xuebin), (Cai Changzong), Chen Yuyi, Pan Qiongxiang, Mao Zhijun, Wang Xueping, Liu Mingqi, and the province's agricultural adviser, (Chen Hongxing).

Hainan Leader, Taiwan Group Discuss Agriculture

HK1603012293 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 1 Mar 93

[Text] On the morning of 1 March Ruan Chongwu, provincial CPC secretary and governor, met in the provincial government's reception room with a six-man delegation led by Mr. Huang Chen-hua, a noted figure in Taiwan agricultural circles, and his entourage consisting of experts and entrepreneurs. They extensively exchanged views on the prospects of our province's

agricultural development and exchanges and cooperation in agricultural know-how between the islands of Hainan and Taiwan.

Ruan Chongwu appreciated efforts made by Mr. Huang Chen-hua to promote exchanges and cooperation between the two islands in agricultural know-how. He also pointed out: At present, it is necessary to mainly solve well the problems of supply, the marketing of agricultural products, and the development of new products. Agricultural departments in our province must seize on the favorable opportunity and work in close cooperation. They may start from one or two projects to promote agricultural development of the whole island.

Mr. Huang Chen-hua and his party came to our province on 24 February to conduct a one-week agricultural inspection tour at the invitation of China's Agricultural Know-How Exchange Association.

Southwest Region

Report on Arrests of Activist Monks in Tibet

HK1503041093 Hong Kong SOUTH CHINA
MORNING POST in English 15 Mar 93 p 10

[Text] More than 30 Tibetans have been arrested in Lhasa over the past week as activists held pro-independence demonstrations amidst tight security.

Foreign travellers in the region said yesterday that three monks in maroon robes were arrested on Saturday [13 March] near the sacred Jokhang Temple as soon as they started chanting pro-Tibet slogans.

About 32 Tibetans, most of them believed to be monks, have been arrested since the wave of small but vocal protests began on March 9, witnesses said.

A monk from Ganden Monastery, waving the Tibetan flag of independence emblazoned with a snow-lion, led the first of at least five demonstrations.

He was beaten and arrested. Up to 11 other monks were also arrested as they took flight down the maze of narrow alleys in the Tibetan quarter of Lhasa, witnesses said.

March is a critical period in the Tibetan calendar, being the time of the Great Prayer Festival. It is also the anniversary of the abortive 1959 uprising against Chinese rule.

Since the 1989 bloodshed, the Chinese security forces have changed their tactics, relying not on firepower but

intensive surveillance through strategically placed cameras and a network of plain-clothes agents.

One young Tibetan said: "We feel anger but do not dare to speak out."

Security sources said a special "anti-riot squad" of about 300 men was ready to go into action when needed.

If protests escalate into riots, as they did in 1989, then a motorised infantry regiment of People's Liberation Army troops are ready for action. Some of them guard Lhasa's three main monasteries—Ganden, Drepung and Sera.

Lhasa's monks were not allowed to leave their monasteries, unless they had a special pass, to take part in celebrations in Jokhang Temple where 100,000 offerings of barley flour were being made for dedication to Buddha.

Because of the intense security, few people amongst the throngs of pilgrims dared to support the monks, who were staging the first significant demonstrations in Lhasa since June.

But when four men began chanting pro-independence slogans last Wednesday, people shouted out "stop executing prisoners" as the demonstrators were seized by police.

Two years ago, the Chinese authorities executed a prisoner who had tried to organise a prison breakout. A court had already passed a suspended death sentence on him on charges of murder, but recently-obtained internal court documents show that his political activities while in jail were the main reason for his execution.

Reflecting the confidence of the authorities, foreign tourists in Lhasa were allowed to remain in the city this March.

Lhasa's monks say they are just as angry at the erosion of Tibetan culture as the political oppression. Within the last year or so countless karaoke bars have sprung up, offering an intoxicating mix of Western and Taiwanese music, cheap alcohol and sometimes prostitution.

Photographs of the Dalai Lama can be bought in Lhasa's pilgrim market but so too can images of Madonna and the latest videos.

One monk at Drepung Monastery said: "We want to smash the bars but we have no power."

Officials estimate that a wave of Chinese migrants seeking work in Lhasa means the city's 100,000 or so Tibetans may now be outnumbered.

Political Parties 'Clash' in Kaohsiung

OW1503082493 Taipei CNA in English 0800 GMT
15 Mar 93

[Text] Taipei, March 15 (CNA)—A ranking police officer pledged this morning to bring to justice those involved in a violent clash in Kaohsiung between supporters and opponents of the new Kuomintang [KMT] Alliance, a non-mainstream KMT faction in the Legislative Yuan.

Chuang Heng-tai, director-general of the National Police Administration, made the statement after an Alliance rally at the Kaohsiung Senior High School turned ugly Sunday [14 March], leaving many people and police officers injured.

The rally, the fourth of the Alliance's islandwide campaign to recruit members for its cause, was canceled after the situation got out of control.

More than 1,300 riot police were deployed around the school, but they failed to effectively prevent the violence from erupting.

A van carrying several Alliance heavyweights, including legislators Jaw Shau-kong, Yu Mu-ming and John Kuan, was blocked by hundreds of supporters of the main opposition Democratic Progressive Party (DPP) at the school's gate.

Policemen came to their rescue, but were only able to transfer them to a police van and escort them away around 4 p.m.

Inside the school's auditorium, scores of Alliance followers and DPP supporters threw steel chairs at each other while waiting for the Alliance speakers to arrive.

DPP supporters also tore down posters and smashed flower baskets placed in the auditorium by Alliance supporters. Some Alliance volunteer workers were also beaten up while distributing videotapes and publications for the group.

Responding to the violence, Alliance leaders said they canceled the rally to avoid a disaster. They accused their rivals in the ruling party and the DPP of instigating the violence. "We think some KMT members in power are collaborating with the DPP," said Jaw Shau-kong, a founder of the Alliance.

Jaw also blamed the police for failing to maintain law and order at the clash site. The Kaohsiung police chief, Yu Yu-tang, should take responsibility for Sunday's melee, he added.

Jaw reported that more than NT\$940,000 worth of Alliance videotapes and publications were destroyed during the incident. The value of other destroyed equipment has yet to be determined. The Alliance will compensate the Kaohsiung Senior High School for property losses, he said.

Jaw stressed that he and his colleagues will sponsor another rally in Kaohsiung at an appropriate time to enlist public support for the Alliance cause of "Anti-Taiwan independence, anti-corruption. [no end quotation mark as received]

Police Authorities Investigate

OW1603085893 Taipei CNA in English 0812 GMT
16 Mar 93

[Text] Taipei, March 16 (CNA)—Police authorities in Kaohsiung have collected evidence on more than 10 agitators who were allegedly responsible for inciting a violent clash between supporters and opponents of the new Kuomintang [KMT] Alliance Sunday [14 March] in the southern Taiwan port city.

Three of the suspects have been identified as Kaohsiung residents who were known to frequently attend public meetings to instigate violence, police said Monday. The identities of the remaining suspects have yet to be determined.

The Alliance, a maverick KMT faction, was to call a rally at the Kaohsiung Senior High School Sunday to enlist support from southern Taiwan people for its cause.

The rally turned into an ugly fight between Alliance supporters and opponents, and the Alliance members were taken away from the rally site under police guard without making a single speech to their Kaohsiung audience. More than 60 people, including several police officers were injured in the melee.

About 1,600 policemen were deployed around the school to keep order at the rally. They originally expected to face some 3,000 anti-Alliance citizens, 10 times fewer than the number of people that actually showed up.

Kaohsiung police chief Yu Yu-tang admitted that it went beyond his prediction. "Our information was not accurate," he regretted.

Director-General Chuang Heng-tai of the National Police Administration and Criminal Police Bureau Director Lu Yi-chun went to Kaohsiung to visit the injured police officers.

Chuang instructed Kaohsiung police to review their performance in Sunday's incident. Some policemen revealed that no advance preparations had been made before they were sent to the rally site to maintain order.

Chuang said a large-scale clash might have resulted if the police had taken immediate action to arrest agitators Sunday.

The new KMT Alliance held a news conference Monday holding the police and the main opposition Democratic Progressive Party (DPP) responsible for its aborted rally.

The Alliance branded the DPP as "fascists" for mobilizing members to disrupt its rally. Alliance leader Jaw

Shau-kong, also a legislator, said the incident showed that DPP members had no sense of democracy.

Jaw said he previously thought that the DPP had become more mature after winning a third of the seats in the Legislative Yuan. "The violent clashes in Kaohsiung proved I was wrong," he regretted.

Jaw demanded that Kaohsiung Police Chief Yu take full responsibility for the clash. "I doubt that police can protect people's lives and property if they cannot even protect a legal gathering," he asserted.

DPP Secretary-General Chiang Peng-chien said the party will soon hold a meeting to discuss whether party members involved in the violent clash would be disciplined.

Chiang said the DPP condemns all violence and will never permit its members to violate the constitutional rights of freedom of speech and expression.

He stressed that the Kaohsiung incident was not masterminded by DPP authorities. "It was spontaneous and unconnected with the DPP," he added.

Premier Lien Chan Addresses Cabinet Meeting

OW1203154893 Taipei Voice of Free China in English
0200 GMT 12 Mar 93

[From the "News" program]

[Text] On Thursday [11 March], ROC [Republic of China] Premier Lien Chan spoke before the cabinet with regard to the national and international economic situations, financial obligations, the ROC's Six-Year National Development Plan in prioritizing projects in terms of their importance, the need to push forward with economic development, and the need to pay special attention to the land problem.

On Thursday morning, Premier Lien Chan conducted a weekly cabinet meeting during which he made a speech calling on all related government departments to establish measures to help implement his policies. In his remarks regarding the Six-Year National Development Plan, Lien stated that although plans were running smoothly, related departments should still increase their efforts toward overcoming any problems they are running into. With regard to the land problem on the island, which Lien acknowledged as a major national concern, he called on the government to make better efforts at planning with the future in mind.

Premier Reports Foreign Policy to Legislature

OW1603023293 Taipei Voice of Free China in English
0200 GMT 13 Mar 93

[From the "News" program]

[Text] The keynote of the ROC [Republic of China] future foreign policies will be to counteract Peking's attempt to isolate and downgrade Taipei in the international community. The ROC will also seek to resume diplomatic ties with certain countries. (Words indistinct) is the major concern for the newly installed cabinet. These are the highlights of a report delivered by Premier Lien Chan to the Legislative Yuan or parliament last Friday [12 March].

In the coming fiscal year, the ROC Foreign Ministry will strengthen the extension of humanitarian aid for international catastrophe, overseas economic cooperation, and participation in international affairs. The Foreign Ministry is ready to utilize NT\$150 million dollars to extend humanitarian aid to countries in which Taipei is not represented in any forms, including communist states, as long as the need arises. As for the Overseas Economic Cooperation and Development Fund, emphasis will be placed on extending Taipei's diplomatic bridgeheads in Eastern Europe. The purpose is to exchange representative offices between the two sides and to have them handle consulate affairs on an equal, reciprocal basis.

Li Teng-hui Pledges Commitment to Reunification

OW1303093693 Taipei CNA in English 0812 GMT
13 Mar 93

[Text] Taipei, March 13 (CNA)—The government will never change its stance on the name of the country, and no one should ever question its resolution. President Li Teng-hui said Friday [12 March] while meeting with a group of Overseas Chinese community leaders from Africa.

"The Republic of China [ROC] is here to stay," President Li told the 31 representatives of major Overseas Chinese associations in various African countries. "We remain committed to our ultimate goal of national reunification," he stressed.

Li reassured the representatives that the government has always protected the rights of Overseas Chinese to participate in Taiwan politics and to take part in the parliamentary system.

The president pointed out that although the ROC Government only controls Taiwan, Penghu, Kinmen and Matsu, it is working for the future of all of China and all Chinese people around the world.

"Our goal is to create a new era for all Chinese and enable them to live with pride and dignity," Li stressed.

Hong Kong

Officials Call Patten's Proposals 'Unacceptable'

OW1403082993 Beijing XINHUA Domestic Service in Chinese 0530 GMT 13 Mar 93

["Deputy Directors of the Hong Kong Branch of the XINHUA NEWS AGENCY Say the British Side Must Take Historical Responsibility for Deliberately Breaking Up the Talks"—XINHUA headline]

[Text] Hong Kong, 13 Mar (XINHUA)—Replying to a local reporter's question on the evening of 12 March, Zheng Guoxiong and Zhang Junsheng, deputy directors of the Hong Kong branch of the XINHUA NEWS AGENCY, said Hong Kong Governor Chris Patten's statement on the gazetting of "the political reform proposal" in legislative form, committing the three violations [san wei fan 0003 6672 0646: violating the Sino-British Joint Declaration, the Basic Law of Hong Kong, and the understandings reached between the two countries], has proven that the British side has not shown a bit of sincerity toward the talks and that the British side is deliberately breaking up the talks and removing the basis of the talks. The British side should thus take historical responsibility for all serious consequences.

The above remarks were made by Zheng Guoxiong and Zhang Junsheng when attending a reception party to celebrate the 91st founding anniversary of TA KUNG PAO and the 45th anniversary of the republishing of the paper in Hong Kong.

Yesterday afternoon, Hong Kong Governor Chris Patten issued a statement at the Legislative Council on his decision to gazette his "political reform proposal" in a legislative form. He also insisted that British officials in Hong Kong take part in the Sino-British talks as members of the official delegation. A reporter who attended the TA KUNG PAO reception party asked Zheng Guoxiong and Zhang Junsheng, the two deputy directors of the Hong Kong branch of the XINHUA NEWS AGENCY, for comments on Chris Patten's statement.

Zheng Guoxiong said the Chinese Government and leaders have repeatedly stated their principles and positions that Hong Kong Governor Chris Patten's constitutional package commits the three violations and that Chris Patten's political reform proposal has seriously damaged the foundation for Sino-British cooperation; and that to resume the cooperation on the basis of the Joint Statement, it is necessary for the British side to abandon Chris Patten's political reform proposal. As for the request by the British side for talks with the Chinese side, the talks will only be conducted between the Chinese and British Governments and no third party will be allowed to interfere in them. He noted that from the very first, both sides have had differences over the issue of the participation of British officials in Hong Kong in the Sino-British talks. Things developed to such a stage last October that the Hong Kong governor proposed a package which commits the three violations and that a

local authority intended to overthrow an international agreement reached between two sovereign states and thus caused serious problems for the diplomatic credibility of the British side. Under such circumstances, the credibility should be restored through negotiations between the two governments and the officials of the Hong Kong British authority have no right to be official members to talks. It is also not permissible for a local government to overthrow an agreement reached between the two sovereign states.

Zheng Guoxiong pointed out: Now, on the one hand, the British side wants to hold talks with the Chinese side, and, on the other hand, Hong Kong Governor Patten issued a statement before the two sides began to hold talks, gazetting his "political reform proposal," which violates the Sino-British Joint Declaration, the Basic Law of Hong Kong, and the understandings reached between the two sides. We hereby solemnly point out that such act of the British side is categorically unacceptable. The British side's taking this action only shows that it does not have the slightest sincerity in holding talks and that it is deliberately trying to break up the talks and remove the basis of the talks. This means that the talks will be unable to take place. This situation is created solely by the British side; therefore, the British side should take full responsibility of all serious consequences resulting from this.

Zhang Junsheng said: Patten's decision to gazette his proposal which commits the three violations is an indication that he has insisted on violating the Sino-British Joint Declaration. He should assume the serious historical responsibility. Patten has been in Hong Kong for eight months. Hong Kong residents can judge from what he has said and done whether he came for Sino-British cooperation and the smooth transition of Hong Kong or for provoking confrontation between China and the UK and disrupting the smooth transition of Hong Kong. Now everyone can see clearly that he has insisted on disrupting Sino-British cooperation and the smooth transition of Hong Kong.

XINHUA Official Discusses Talks Participation

HK1403085093 Beijing ZHONGGUO XINWEN SHE in Chinese 1400 GMT 13 Mar 93

[Text] Hong Kong, 13 Mar (ZHONGGUO XINWEN SHE)—Zhang Junsheng, deputy director of the XINHUA News Agency Hong Kong Branch, today explained in detail why British Hong Kong Government officials are not being accepted as official delegates of the British side to participate in Sino-British talks. He also revealed many facts about the imposition of obstacles by the Hong Kong Governor Chris Patten in an attempt to hinder Sino-British talks. Zhang asserted: The effort to resume talks is an important issue concerning whether the UK wants to rebuild its international credibility [guo ji xin yi 0948 7139 0207 5030]; therefore, of course, British Hong Kong Government officials cannot be

accepted as official delegates of the British side to participate in future talks, if there will be any.

Zhang Junsheng was interviewed by reporters today after attending a carnival for the betterment of the community and the promotion of a harmonious family life sponsored by the Tsim Sha Tsui Neighborhood Association. He noted that Chris Patten had imposed many obstacles to the formation of the Sino-British negotiating teams. One point that was definitely established throughout the whole process of Sino-British contacts, from the beginning of the Sino-British talks on Hong Kong's future to the signing of the Joint Declaration, is that the Hong Kong issue is a historical one which can only be settled between China and the UK as sovereign states; there must not be any third party, and any "three-legged stool" is simply out of the question. Everyone who has the minimum knowledge of the Sino-British talks must be clear about this. Referring to the fact that British Hong Kong Government officials, in the capacity of members of the British team, did take part in some negotiations held after the signing of the Sino-British Joint Declaration, Zhang Junsheng pointed out: The two sides have held different views on this practice. After the signing of the Joint Declaration, we agreed to let British Hong Kong Government officials join the Joint Liaison Group, because Hong Kong entered a transitional period with the signing of the Joint Declaration, and we thought the British side would strictly abide by the Joint Declaration and would consult us to seek settlement of many issues in the spirit of Sino-British friendship and cooperation. That is why we have agreed to temporarily shelve the differences in opinion between the two sides on some issues.

Zhang Junsheng pointed out: Last October, however, it turned out that Chris Patten brought forward a constitutional reform package. A local government commissioned by the British Government to exercise colonial rule stepped forward to rescind an agreement concluded between China and the UK as sovereign states, and the British Government, for its part, has connived over and supported this attempt. Hence, the UK's international credibility is seriously in doubt. Therefore, the effort to seek a resumption of Sino-British talks this time is, first of all, an important issue concerning whether the UK wants to rebuild its international credibility. No British Hong Kong Government officials can be allowed to take part in this kind of talks in the capacity of official delegates on the British side.

Zhang Junsheng pointed out: A statement by the Chinese Foreign Ministry yesterday made it very clear that, in view of the Hong Kong people's wish to see an early resumption of talks between China and the UK, the Chinese side has made a major concession during the contacts in preparation for the resumption of talks. Specifically, British Hong Kong Government officials can be accepted as participants in the talks, not in the capacity of official delegates, but as specialists or advisers. Despite this concession, Chris Patten still turned down our offer. Finally, he simply ignored the

ongoing contacts behind the scenes to seek a resumption of negotiations and had his package, characterized by "three violations," gazetted, without any hesitation.

When asked by reporters about the possibility for the Chinese and British sides to resume talks, given that the British Hong Kong Government has now gazetted the constitutional reform package, Zhang Junsheng said: The talks cannot possibly be started now, I am afraid. He noted: The reason is because Chris Patten has willfully undermined the effort after contacts were started between China and the UK to seek a resumption of the talks. He said: In fact, the Chinese side had criticized and warned Chris Patten before he put forth the constitutional package last October. But Patten turned a deaf ear to the Chinese side. After that, the Chinese side made many criticisms, pointing out that his package had breached the Joint Declaration, the principle of convergence with the Basic Law, and the understanding and agreement reached between the Chinese and British sides. The Chinese side thus asked him to withdraw his package. People from all social strata in Hong Kong have also widely criticized Chris Patten's package characterized by "three violations" as well as his attempt to undermine Sino-British cooperation. Even some notable British politicians and some diplomats have criticized him, too. Under such circumstances, in order to pacify public opinion, Chris Patten proposed to the Chinese side through the British Foreign Office that he would return to the track of consultation. We welcomed his offer. However, the most important thing is that the resumption of talks and discussion on the 1994-95 elections must conform with the Joint Declaration, the principle of convergence with the Basic Law, and the understanding and agreements already reached between the Chinese and British sides. Chris Patten has always refused to cooperate on this very fundamental question. He has regarded this as a precondition. Later, he said that it should fall in line with the Joint Declaration and the Basic Law; however, he altered the understanding and accords reached between China and the UK in the letters exchanged between China and the UK. He accepted our criticism on this point superficially and said that he would follow the "three conformities" principle. Nevertheless, he set forth another issue, saying that his package itself fell in line with the "three conformities." On this issue, Zhang Junsheng asked a question in reply, saying, if his package fell in line with the "three conformities," then, why should there have been an argument which has lasted five months as of today?

Zhang Junsheng said, from Chris Patten's action of gazetting his "three violations" constitutional reform package without altering a word yesterday, one could see that he had no sincerity whatsoever for consultations. When the package was gazetted, a very slight change in details had been made, namely a small revision to the electoral committee. In the original plan, it read "all or the bulk of them" should be elected district board members. This point alone markedly violated the relevant stipulations in the Basic Law and the understanding

and accords reached between China and the UK. Now, he has changed it into all members being district board members; this shows that he has gone even farther away.

Zhang Junsheng indicated that Chris Patten has turned a deaf ear to all criticism from various circles in Hong Kong over the past few months since he arrived in Hong Kong, delivered his inaugural report, and set forth his constitutional reform package. Between the very beginning of the two sides' resuming talks and yesterday, he has all along set up roadblocks to impede consultations. Again, Zhang Junsheng replied with a question: What did Chris Patten come to Hong Kong for, to perform the international obligations entrusted him by his government, implement administration in Hong Kong, and maintain Hong Kong's stability and prosperity and its stable transition, or to pursue confrontation and jeopardize Hong Kong's stability, prosperity, and stable transition?

In conclusion, Zhang Junsheng indicated that, in reviewing what Chris Patten had done over the past few months, one may conclude that he made Sino-British cooperative relations and the Hong Kong residents' interest his own political stake, but did not come to Hong Kong for the interest of its residents.

Reform Bill To Reach Legislative Council by May

HK1503022593 Hong Kong THE STANDARD in English 15 Mar 93 p 3

[Report by Meimei Chan and Sung Ming-Yee]

[Text] The controversial Election Amendment Bill will be put before the Legislative Council no later than May, Secretary for Home Affairs Michael Suen says.

"The Governor has stated very clearly that we hope to pass all bills within the current session," he said.

"The reason is simple: we have to prepare for the coming district board elections in 1994 and Legislative Council elections in 1995.

"If we cannot pass the arrangements within the current session, then we would not know how the district board elections would be conducted in 1994. This is a practical question."

Voter registration for the board elections had to begin as early as September, Suen said. This would entail extra work as the voting age would be lowered from 21 to 18 under the Election Amendment Bill, he said.

It has been suggested that part of the amendment bill, connected with the board elections, could be passed ahead of sections on the 1995 Legislative Council poll.

Suen said it was "up to legislators" whether to pass part or the whole of the bill.

But Governor Chris Patten had indicated that it was technically difficult to introduce only part of the bill.

Regional councillor and legislator Gilbert Leung said the timing for the gazetting of the law was bad, as there was "no schedule when the bill is going to be tabled in the Legislative Council."

He called for more discussion on the abolition of appointed seats in district boards and municipal councils.

"There is a split of opinions in the Urban and Regional councils and the public on whether to abolish the appointment system," Leung said.

Meanwhile, United Democrat chairman Martin Lee said talks between China and Britain could proceed despite the difficulty presented by the gazetting of Patten's reform bill.

"The Chinese and British teams should not have problems in getting back to the negotiating table if both sides are sincere about talking," he said.

Despite harsh criticism from local Chinese officials, Lee said he had found no statement from Beijing that hinted it had completely closed the door on talks.

But he called China's demand that Hong Kong officials be excluded from the British team unreasonable.

Editorial on Patten Publishing Reform Plan

HK1303071093 Hong Kong WEN WEI PO in Chinese 13 Mar 93 p 2

[Editorial: "Blackmailing With Chris Patten's Constitutional Reform Package Is Doomed to Failure"]

[Text] At 1500 yesterday, Hong Kong Governor Chris Patten, in open defiance of China's solemn and just stand, held a question-and-answer session in the Legislative Council and announced the gazettal, that is, publication in a legislative form, of his constitutional package, which contravenes the Sino-British Joint Declaration, convergence with the Basic Law, and the relevant agreements and understandings between China and the UK. This is another step leading to serious consequences that the British side has taken in deliberately clinging to the "three violations." It is also another disgusting [e lie 1921 0503] move that the British side has made to challenge Sino-British cooperation and the good and honest wishes of the great numbers of Hong Kong people for China and the UK to handle constitutional system issues through consultation and for a smooth transition.

A long time ago, the Chinese side proposed discussing the issues concerning 1995 elections in accordance with the consultation mechanism provided in Annex II of the Joint Declaration. However, the British side, with ulterior motives, used various excuses to evade it. By dishing out the "three violations" Patten package, they damaged the consultation mechanism, violated the principle of convergence, provoked a dispute, and caused delays.

Under such circumstances, to resume consultations between China and the UK, the precondition is certainly the abandoning of Patten's proposals. This is because, by dishing out Patten's proposals, the British side has in effect torn up the agreements and broken their promises. This is not a matter of whether or not democracy should be developed but one of whether or not one should keep one's promises. Now that the British have lost their credibility, if the problem with credibility is not solved first, they may once again tear up any agreement reached through resumed talks with China. If so, what is the point of negotiating? Therefore, the obstacle to the talks comes from the British side. The British side must show sincerity and prove with actions that it will earnestly implement the Joint Declaration, converge with the Basic Law, and honor all the relevant agreements and understandings between China and the UK. The most realistic way to do it is to go back to square one and return to the track of "three conformities," which will inevitably require the abandoning of Patten's proposals.

Nevertheless, the British request diplomatic contacts and talks with the Chinese side on the one hand and, on the other, use the gazettal of Patten's proposals as a threat and set deadlines time and time again, working up pressure on the Chinese side. In the meantime, the British side has kept creating a false impression that it is willing to talk to deceive and mislead the Hong Kong public. In fact, the British do not have any good faith in this matter at all. Instead, they are trying to force the Chinese side to accept Patten's proposals and hold talks according to their concept, timetable, conditions, and conclusion.

The development of the situation indicates that the British have made preparations in two ways: If talks go ahead in the direction they want, they will use the Legislative Council as a bargaining chip to revise Sino-British agreements and carry out Patten's proposals. If the problem with talks is not easy to handle, they will immediately hand the gazetted Patten proposals to the Legislative Council for deliberation and adoption. This is another big diplomatic fraud by the British.

Yesterday, Alastair Goodlad, British Foreign Office minister with special responsibility for Hong Kong, was still saying: "The international obligations mentioned in the letter to Frederick Fung Kin-kee refers only to the obligations provided in the Sino-British Joint Declaration and international conventions, not including the correspondence between the foreign ministers of China and the UK and bilateral agreements to be reached in the future." (Hou Da Wei) [0186 1129 3634], chairman of the Foreign Affairs Committee of the House of Commons, said: "Democracy has arrived in Hong Kong. The goal of our talks is to get more democracy in the 1995 elections than provided in the Basic Law." This shows that the UK has absolutely no wish to converge with the Basic Law or to implement the relevant agreements and understandings reached between the two countries.

The Chinese Government solemnly and justly pointed out long ago that China will never give in on matters of principle. The UK's dishing out the "three violations" Patten proposals is a challenge to China's sovereignty. In this trial of strength involving state sovereignty, China will certainly refuse to yield an inch. The British attempt to blackmail China with the gazettal of the Patten proposals is bound to be of no avail.

By taking this risky action yesterday, Chris Patten has put himself more into a position opposite to the interests of Hong Kong people, who now can see more clearly how far he has gone in undermining Hong Kong's overall interests just to realize his personal political ambitions!

A Chinese Foreign Ministry spokesman pointed out yesterday: Yesterday's action taken by the British "only proves that not only do they entirely lack good faith in the talks but are trying to deliberately sabotage talks and make it impossible for the talks to go ahead. The British are the only party to bear responsibility for all the serious consequences so caused." It was the British who disregarded Hong Kong's smooth transition and prosperity and stability and who deliberately created this grim situation. Hong Kong compatriots have every reason to show grave concern for what the British have done in this matter.

Editorial Says 'Impossible To Carry On Talks'

HK1303083093 Hong Kong TA KUNG PAO in Chinese
13 Mar 93 p 2

[Editorial: "The British Side Must Bear the Grave Consequences for Jeopardizing the Talks"]

[Text] In his statement made in the Legislative Council yesterday afternoon, Hong Kong Governor Chris Patten decided to publish his constitutional reform package in the Hong Kong Government gazette; that was a grave step of the British side in jeopardizing the foundation of Sino-British cooperation, and has roused the great concern of public opinion.

As every Hong Kong resident knows, the constitutional reform package which Hong Kong Governor Chris Patten set out last October has triggered open argument in Hong Kong, which the Chinese side did not wish to see. However, since the constitutional reform which Chris Patten dished up with the British Government's backing has basically violated the Sino-British Joint Declaration, its own promise that Hong Kong constitutional development must converge with the Basic Law, and the series of agreements and understandings reached between China and the UK through official diplomatic channels, the Chinese side had to express its principled position. Anyone who is free of prejudice acknowledges that the responsibility for triggering the argument rests with the British side. With the passing of time, an increasingly greater number of Hong Kong residents have come to see that the nature of the argument does not lie in whether or not it is necessary to quicken the pace of democracy, but in whether or not it is necessary

to abide by diplomatic good faith. The Chinese Government and its top-echelon leaders have reiterated on many occasions that because Hong Kong Governor Chris Patten's constitutional reform package characterized by "three violations" has gravely jeopardized the foundation of Sino-British cooperation, to restore cooperation the British side must give up its constitutional reform package, and the Chinese and British sides should talk on the basis of the Joint Declaration, the principle of convergence with the Basic Law, and the series of past agreements and understandings reached between the two sides. The Chinese side's principled position is reasonable and sensible, and is gradually being understood and recognized by people of all walks of life in Hong Kong.

Regretfully, on the issue of Sino-British talks, Chris Patten has resorted to playing politics and frequently playing tricks. Verbally, he expressed the wish to talk with the Chinese side on the basis of "the three principles," but behind people's backs he has stubbornly insisted on his constitutional reform package characterized by the "three violations"; superficially, he said that there would not be any preconditions for talks, but in essence he continues to make his constitutional reform package the foundation for talks. To deceive public opinion and misguide residents, he has personally directed and performed one farcical scene after another in postponing the gazetting of the reform package to demonstrate his "sincerity" and in an attempt to spill the dirty water of delaying the talks onto the Chinese side. What is false is false, and pretense will never last long. Chris Patten made a statement on gazetting his constitutional reform package yesterday even before the official Sino-British talks begin. This action has once again evidenced the fact that the British side has no sincerity whatsoever for talks, and has deliberately jeopardized the talks.

Since last October, Hong Kong residents have been involved in the argument on the constitutional reform issue, with the community being bogged down in increasingly serious contradiction and disintegration with each passing day. The basic cause lies in Chris Patten dishing up his constitutional reform package, characterized by "three violations," being bent on having his own way, regardless of the opposition of the majority of Hong Kong residents and the Chinese Government, and setting up great roadblocks to Sino-British cooperation. As of today, Chris Patten continues to stubbornly adhere to his erroneous position of confronting cooperation, deceiving the public and relying on pro-British, anti-Chinese elements to put up a desperate struggle. When the British Hong Kong Government has the double identity of a "troublemaker" and an "antagonist," how can it be qualified to talk about Sino-British cooperation, and about insuring the smooth transition of Hong Kong and convergence with the Basic Law?

It is stipulated in Annex II of the Sino-British Joint Declaration on the Question of Hong Kong that matters on which there is disagreement in the Joint Liaison

Group [JLG] shall be referred to the two governments for solution through consultation. The fruitless discussion by the JLG on the issue of the arrangements for the constitutional reform in 1995 is precisely because the British Hong Kong Government has insisted on Chris Patten's package characterized by "three violations." Should Sino-British talks be resumed and be fruitful, officials of the British Hong Kong Government are naturally not qualified to participate in the talks as official members.

It is clear to everyone that Chris Patten lacks sincerity, but he has repeatedly insisted on the British Hong Kong authorities participating in the talks. People have sufficient grounds to believe that Chris Patten does not want to find solutions to problems, but wants to jeopardize the talks and continue to confront Sino-British cooperation.

Chris Patten asserted: Relevant Sino-British talks must include relevant British Hong Kong Government officials. He cited the examples of the talks on the Sino-British Joint Declaration on the Question of Hong Kong and the talks by the JLG to emphasize that the British Hong Kong authorities should be eligible to participate in related talks. It must be pointed out that Chris Patten's grounds do not stand scrutiny.

The Sino-British Joint Declaration stipulates that the transfer of sovereignty over Hong Kong will take place in 1997; prior to that, the British side will be responsible for the administration of Hong Kong with the object of maintaining and preserving its prosperity and social stability, and the Chinese side will give its cooperation in this connection. In other words, the Hong Kong issue is one between the Chinese and British Governments, and it is a matter of China's internal affairs after 1997. The implementation of details in the 1994-95 elections that involve the smooth transition in 1997 calls for consultations and talks, and is a matter between the Chinese and British Governments; and there is no reason to allow Hong Kong Government officials to intervene as representatives of a third party. More importantly, the British Hong Kong authorities have elevated and manipulated the Hong Kong Legislative Council, and set a precedent in overturning the Sino-British agreement on the issue of the court of final appeal, seriously jeopardizing the faith of the Chinese side in the British side's sincerity and honor in cooperation and negotiations. Under the circumstances of the surfacing of the British side's constitutional reform package characterized by "three violations," and such strange things as the court of final appeal, it is only natural for the Chinese side to resist the British Hong Kong authorities in repeating the performance of the "three-legged stool" and of squeezing officials of the British Hong Kong Government into Sino-British talks.

The British side's attempt to insist on the British Hong Kong authorities participating in Sino-British talks is precisely to create a tripod of China-the UK-Hong Kong, the so-called "three-legged stool" situation. On more than one occasion, Chris Patten has asserted that the

Legislative Council has the right to decide whether or not to accept or to revise the agreements and decisions reached between China and the UK. According to him, the British Hong Kong Government is not only on a par with China and the UK, but also transcends them!

Superficially, the British side's aim of creating the "three-legged stool" situation is to continue its old path of pulling out from its colonies while pursuing "returning government to Hong Kong." However, its ultimate aim is quite beyond that, and is mainly to obstruct China's recovering Hong Kong so that the UK may prolong its colonial special privileges in Hong Kong.

In fact, the British side resorted to such tricks back in the talks over the Sino-British Joint Declaration, but was solemnly rejected by the Chinese Government. At present, Chris Patten has resorted to the same old trick, but what is awaiting him can only be the same fate, and no other.

The British side let Chris Patten issue a statement in the Legislative Council and gazette his constitutional reform package characterized by "three violations" in the form of draft regulations; at the same time it has repeatedly insisted on the imperative of British Hong Kong Government officials participating in Sino-British talks as official members. The Chinese side will never accept all this. The British side has resorted to an action that cost the loss of the foundation for Sino-British talks, which means that it is impossible to carry on talks. This situation results from the British side alone, and the British side should bear full responsibility for all consequences resulting from this.

'Commentary' on 'Damage' to PRC-British Talks

CM1603163493 Beijing XINHUA Domestic Service in Chinese 1902 GMT 13 Mar

[Unattributed "XINHUA commentary": "A Grave Step Deliberately Designed To Undermine Sino-British Talks"]

[Text] Beijing, 13 Mar (XINHUA)—The following is the full text of a commentary issued by the XINHUA NEWS AGENCY here today.

At a time when China and the UK, following consultations, are to start talks on the development of Hong Kong's political system, the British Hong Kong authorities suddenly published yesterday the draft legislation on the arrangements for the 1994-1995 election in Hong Kong based on Hong Kong Governor Chris Patten's constitutional package. This is a grave step deliberately designed to undermine the Sino-British talks.

Ever since Patten first put forward his constitutional package in his policy address October 7 1992, the Chinese side has repeatedly pointed out in explicit terms that, by unilaterally putting forward the plan for major changes in the current political structure without consulting the Chinese side, the British side has seriously

violated the Sino-British Joint Declaration on the future of Hong Kong, the principle of convergence with the Basic Law, and the relevant agreements and understandings already reached between China and the UK.

The Chinese side has all along urged the British side to give up Patten's package and to resume consultations and cooperation with the Chinese side so as to ensure a smooth transition and transfer of power in Hong Kong. Meanwhile, people of various walks of life in Hong Kong have also issued statements or made speeches, strongly criticizing Patten for creating division and confusion in Hong Kong and demanding he withdraw the package.

Against this background, the British side has recently expressed to the Chinese side its willingness to hold talks through diplomatic channels on the 1994-1995 election arrangements in Hong Kong.

The Chinese side responded positively and made great efforts to try to make the talks start as soon as possible. In the course of consultations for the talks, however, the British side time and again raised unreasonable demands.

First, the British side attempted to play the old trick of "three-legged stool." The Chinese side maintains that it is the matter of the Chinese and British Governments to implement the Sino-British Joint Declaration and solve major issues in Hong Kong. All the previous talks on the issue of Hong Kong were conducted between representatives of the Chinese and British Governments.

The talks this time are that between the governments of the two sovereign states and they ought to be conducted between representatives of the Chinese and British Governments. In consideration of the actual needs of the British side, the Hong Kong authorities can act as advisors or experts to assist the British representative in his work. This position of the Chinese side is quite reasonable.

Then, the British side tried to bring pressure to bear upon the Chinese side by threatening to publish the perverse constitutional package of Chris Patten. But the Chinese side stressed once again that if the British side is to gazette Patten's constitutional package, which violates the Joint Declaration, the principle of convergence with the Basic Law and the relevant agreement and understanding reached between the two sides, and submit it to the Legislative Council for deliberation, before the two sides reach agreement, it can only serve to place a serious obstacle in the way of Sino-British talks.

With ulterior motives, the British side expressed in words its willingness to talk with the Chinese side, but in deed it flagrantly took actions to sabotage the talks, when the two sides are coming close to agreement on specific issues concerning the talks. On March 12, Hong Kong

Governor Chris Patten gazetted his so-called constitutional package and threatened to submit it to the Legislative Council for adoption in an attempt to create a fait accompli and force the Chinese side and people of Hong Kong to accept it.

The perfidious act perpetrated by the British side and the Hong Kong authorities is typical of the old tricks used by some Western politicians. It has not only done serious damage to the basis of Sino-British consultations and cooperation but also thwarted the hopes of the people of Hong Kong that the Chinese and British Governments would solve the problems through negotiations. Many Hong Kong people immediately expressed their objections to it.

Meanwhile, it has adversely affected the investment climate in Hong Kong, forcing the local stock market to plunge by 200 points and creating an even bigger shock in the London Stock Market.

This shows that Patten's decision not only runs counter to the will of the people of Hong Kong but is also detrimental to Hong Kong's stability and prosperity.

The British side claimed that its action was in the interests of the Hong Kong people. This is a sheer lie [pian ren di jia hua 6163 0086 4104 0250 6114]. It is known to all that it is the Chinese Government that represents the interests of the Hong Kong people, and it is the Basic Law of Hong Kong, which was drafted four years ago, that really reflects the will of the Hong Kong people.

In fact, by so doing, the British side seeks to foster its agents so as to maintain its influence over or even control Hong Kong and serve the interest of the UK after 1997 through them.

It is the British side that proposed to hold the talks between the Chinese and British Governments but it has also destroyed the basis for holding the talks. Now, the talks between the two sides cannot go on. The British side, therefore, should be held responsible for all the consequences.

'Editorial' on Hong Kong Representation in Talks

*HK1503035093 Hong Kong WEN WEI PO in Chinese
15 Mar 93 p 2*

[Editorial: "Why Hong Kong Officials Cannot Become the British Side's Official Representatives"]

[Text] The British side has brazenly gazetted the Patten's constitutional package, undermining the foundation of Sino-British talks. According to Patten, it was because of the outstanding differences. The British side wanted Hong Kong and London officials to be official representatives of the British side, which was not accepted by the Chinese side.

Why, then, did the Chinese side disagree? During the Sino-British talks on the question of Hong Kong held at

an early stage, the British side had attempted to make the British Hong Kong officials representatives of the British side, which was flatly rejected by the Chinese side. In the long run, the British side had to accept the talks held between the two sovereign governments. As the current talks are related to enforcement of the Sino-British agreement and the level of sovereign states, only the British Government officials should be involved. The Chinese side cannot accept participation of a third party.

The public knows why the mechanism of Sino-British consultations is no longer operable today. Following the signing of the Sino-British Joint Declaration, there is a question of implementing it in a friendly and cooperative manner. In the course of implementation, a Sino-British Joint Liaison Group was set up to discuss and examine matters straddling 1997 and the smooth transfer of government. The Joint Liaison Group was designed to discuss specific technical matters and there were Hong Kong Government officials taking part in the group's work in the past.

China and the UK have reached an understanding and agreement on the question of 1995 elections and the results can be seen in the seven letters and the constitutional arrangements specified in the Basic Law.

Implementation of the constitutional agreement reached between China and the UK had been smooth. This has been clearly proved in the 18 directly elected seats arranged for 1991 and the continuous operation of the functional constituencies in light of the 1988 election pattern. Since Chris Patten assumed the governorship, however, he, in his capacity as the chief of a local government, flagrantly repudiated the agreements reached between the foreign ministers of the two countries. He went his own way and drastically changed the political system and election arrangements. This is a very serious act of breaking promises.

The Hong Kong governor is nominated and appointed by the British foreign secretary. He is assigned to Hong Kong to enforce the mission of administration entrusted by the British central Government. Holding himself responsible to the central government, he must enforce the agreements signed by the central government and undertake the obligations of the agreements signed by the UK. In the history of international diplomacy there has never been a case of a local official scrapping and not following a diplomatic agreement signed by the central government. However, the Hong Kong Government headed by Chris Patten, risking universal condemnation, time and again acted perfidiously and violated agreements in the court of final appeal, financial arrangements for the airport, and the constitutional package. All this shows that they have lost credit.

It is a matter of the governments of China and the UK to implement the Sino-British Joint Declaration and ensure a smooth transition. As the Sino-British Joint Declaration is signed by the British Government, it is quite natural that China will only negotiate with the UK and

urge the British Government to implement the agreement. The Hong Kong Government led by Patten is but a local government, which should be under the control of the British Government. In light of international law, the talks on violation of agreements can only be held between the sovereign states so as to resume faith. There is no reason whatsoever for China to hold talks with a British local government or take part in the talks between three parties, which may result in a confusion of rights and responsibilities.

As a matter of fact, the Chinese side has made unremitting efforts to maintain Sino-British cooperation. At the 25th meeting of the Sino-British Joint Liaison Group, held on 7 December 1992, China still discussed the question of the political system with the British side. Michael Sze Cho-cheung was present on the occasion. However, their differences widened after three days of talks. As a result, no progress was made, no joint communique was published, and no date for the next meeting of the Joint Liaison Group was announced. After the meeting, Ambassador Guo Fengmin said: "If even the Joint Declaration and the understanding and agreements reached between the governments of China and the UK can be breached, what is the use of the Joint Liaison Group reaching another agreement through further talks?" What should be done when the meeting of the Joint Liaison Group has reached a stalemate? It is clearly stipulated in Annex II of the Joint Declaration: "Matters on which there is disagreement in the Joint Liaison Group shall be referred to the two governments for solution through consultations." In other words, talks in the future should be held between the sovereign governments rather than one at the previous level.

If Sino-British talks are to resume, they will definitely be held at the level of the governments of the two countries. Hong Kong Government officials belong only to a local level and cannot be regarded as British Government officials. If talks are held with them, it does not conform to the provisions of Annex II. As to the "three-legged stool," it goes further against the Joint Declaration. Nevertheless, the Chinese side has handled the matter very flexibly, allowing Hong Kong officials to attend the talks in the capacity of advisers and experts.

Commentator Accuses Patten of 'Sabotage' in Talks

HK1503042093 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 15 Mar 93 p 5

[Commentator's article: "Perverse Act Which Undermines the Basis for Sino-British Cooperation"]

[Text] Just as China and the UK were making preparations for the talks on Hong Kong's political system issues, Hong Kong Governor Chris Patten, disregarding China's solemn and just posture, brazenly decided on 12 March to have his "constitutional reform package" gazetted in the form of legislation. This is another serious [yan zhong 0917 6850] step Chris Patten has

taken in his deliberate [xu yi 5552 1942] act to sabotage [po huai 4275 0975] the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and the relevant agreements and understandings reached between China and the UK. This move has not only created obstacles and disrupted Sino-British talks but has also undermined the basis for Sino-British cooperation. We are shocked by this and regret it.

Since Chris Patten provoked open dispute between China and the UK over Hong Kong's political system by unilaterally and publicly setting out proposals for major changes to Hong Kong's existing political system after he assumed office, he has encountered resolute opposition from the Chinese Government and strong criticism from the great many Hong Kong people. Under such circumstances, the British side, not long ago, formally expressed to China its willingness to resume talks through diplomatic channels. The two sides consulted each other on the preparations for the talks. The Chinese side made great efforts in the hope that the talks could be started at an early date, suggesting that the governments of both countries send representatives to the talks and that a number of advisers or experts be included to assist the representatives from both sides. But the British side tried to play the old "three-legged stool" trick on the issue of participating negotiators. All previous talks between China and the UK on the question of Hong Kong had been attended by representatives of the two governments. This round was also to be diplomatic talks between the two sovereign states, China and the UK, and therefore should be conducted by the representatives of the Chinese and British Governments. The Chinese side agreed that Hong Kong Government officials could assist the British representatives as advisers or experts. China's stance was entirely fair and reasonable.

It must be pointed out that though Chris Patten verbally expressed his willingness to hold talks with China on the basis of the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and the relevant agreements and understandings reached between China and the UK, he was in reality still stubbornly clinging to his "triple-contravention" constitutional package; though outwardly he claimed that talks should not have any preconditions attached, he still tried to use his scheme as the basis of talks. In order to deceive the media and mislead the public, he himself conducted a number of farces in which he kept postponing the gazetting of his package. However, sham is sham and disguise does not last long. Just as the preliminary consultations between China and the UK for the talks were approaching consensus, the British Hong Kong Government suddenly went ahead and published the constitutional package in the form of draft legislation, planning to table it in the Legislative Council. The purpose of this was to create a fait accompli and force the Chinese side to accept it. The facts indicate that the British side had no sincerity for talks at all from the very beginning.

This incident has exposed the true colors of the British side: Continuing the confrontation, instead of starting cooperation, with China was premeditated.

By abandoning the easy path of cooperation and choosing to carry on with the confrontation, the British side has set another bad precedent in the history of diplomacy.

Despite the damage to the Sino-British talks caused by the British side's willful acts, the Chinese Government, whatever the circumstances, will continue to uphold the concept of "one country, two systems" and, as always, safeguard Hong Kong's prosperity and stability and the fundamental interests of Hong Kong people. We also believe that through this struggle, more people will recognize the old-style colonialists in their true colors. No matter what tricks they play, the great many compatriots in Hong Kong will surely see the essence of this dispute between China and the UK, unite as one, and eventually achieve the smooth transition in Hong Kong.

Commentator Blames Patten for 'Ruining' Talks

*HK1503162393 Beijing ZHONGGUO XINWEN SHE
in Chinese 1450 GMT 15 Mar 93*

["Special" commentator's article: "Chris Patten Can Hardly Absolve Himself of Blame for Ruining Sino-British Talks"]

[Text] Hong Kong, 15 Mar (ZHONGGUO XINWEN SHE)—At present, with the dispute between China and the UK stirred up by Chris Patten having lasted for nearly five months, Hong Kong people are looking forward to a resumption of Sino-British talks on the issue of the 1994-95 elections in Hong Kong. China and the UK have also made diplomatic contacts on this matter. Alas, however, the talks cannot be started because the British side has no sincerity at all and has connived with Chris Patten's brazen gazettal of his constitutional reform package characterized as the "three violations." While Chris Patten and the heads of the United Democrats of Hong Kong, who have been bent on undermining and hindering efforts to reopen talks, are gratified at this, Hong Kong people, who long for a restoration of Sino-British cooperation and a steady transition, are deeply worried and indignant.

One important contributory factor explaining the current state of affairs is that Chris Patten has insisted that British Hong Kong Government officials be allowed to take part in the talks between the Chinese and British Governments as official delegates; whereas the Chinese side, which has firmly held to its principled stance, has categorically rejected this request. Now, Chris Patten is trying to absolve himself of the historical responsibility for ruining the talks. He has repeatedly made statements which have confused right and wrong, with a view to fooling public opinion and misleading Hong Kong people. Then, what are the reasons behind the Chinese side's insistence on denying the participation of British

Hong Kong Government officials in intergovernmental talks in the capacity of official delegates?

First, there is a need to safeguard the Sino-British Joint Declaration. According to the spirit of the Sino-British Joint Declaration, the settlement of any major issue during the transitional period in Hong Kong is completely a matter to be settled between the Chinese and British Governments. The British Hong Kong Government, as a government under the British Government for exercising colonial rule, is only responsible for implementing to the letter whatever agreements are reached between the Chinese and British Governments. It definitely has no say in settling major issues concerning Hong Kong in a capacity equal to that of the Chinese and British Governments. This is an elementary diplomatic norm, which the Chinese side has been consistently upholding as its principled stance. The Chinese side has insisted that if the talks are to be reopened they can only be held between representatives of the governments of China and the UK as two sovereign states, and it is totally justified legally in excluding Hong Kong Government officials from participating in the talks in the capacity of official delegates.

Second, the British side has broken diplomatic faith. Although the Chinese side has consistently objected to the participation of British Hong Kong Government officials in negotiations between the Chinese and British Governments, it agreed to shelve this question and accepted British Hong Kong Government officials in the operation of the Sino-British Joint Liaison Group in view of the good cooperation between China and the UK after the signing of the Sino-British Joint Declaration. In doing so, the Chinese side has completely proceeded from the overall interests, and this is a display of its sincerity in seeking cooperation with the British side and ensuring a steady transition. Never has this implied that the Chinese side has given up its principled stance. However, the British side has changed its policy toward Hong Kong since the middle of last year, conniving at and supporting Chris Patten's attempt to push for constitutional reform characterized by the "three violations," and to downgrade the agreements and understandings already signed and reached by the Chinese and British Governments in the past to such a status as to be arbitrarily repudiated by the British Hong Kong Government, a local colonial regime under the British Government. Hence, the British Government's credibility on its commitment to international agreements has been completely spoiled, and cooperative relations between China and the UK have been seriously ruined. This being the case, although the British side requests opening talks, the Chinese side is fully justified in asking the British side to show its sincerity and to take some real action to restore faith in and its commitment to solemn agreements between nations, including implementing the provisions of the Sino-British Joint Declaration, promising not to play the "three-legged stool" trick, and not letting Hong Kong Government officials join the talks in the capacity of official representatives.

Third, the British Hong Kong authorities are the ones that have done their utmost to violate and repudiate the agreements and talks between China and the UK and so far have not shown any intention of reversing their course of action. Chris Patten has repeatedly elevated the status of the Legislative Council and has manipulated it to pave the way for his "three violation's" political reform package, committing in the process a series of actions that have broken promises and violate legal principles, such as repudiating the accord between China and the UK on the Court of Final Appeal and destroying convergence with the Basic Law. To this day, the British Hong Kong Government still boasts that the Court of Final Appeal issue was an "experience" which should be extended, declared that its political reform package is of the "three conformities," and gazetted the package in preparation for the bill's submission for deliberation over strong objections from China and different quarters in Hong Kong. Since this month's Sino-British talks over specific problems, the British Hong Kong Government has itself directed and acted in a play to extend the deadline for gazetting the bill in an attempt to blackmail the Chinese side. It laid down numerous obstacles and is becoming worse in its acts. From this, we can say that allowing Hong Kong Government officials who have stubbornly stuck to their erroneous positions to participate in talks as official representatives could only be destructive for the talks. The UK's insistence on counting them in the talks reflects its lack of sincerity for genuinely resolving the problems.

Fourth, the British Hong Kong authorities cannot possibly represent the will of the Hong Kong people. Resolving key issues about Hong Kong in the transitional period is a matter between the Chinese and British Governments. But without a doubt, they should respect and adopt the opinions of Hong Kong citizens and represent their fundamental interests. It is the Chinese Government which has been sincere and genuine and has tried all it can to do just this. The most effective proof is the fact that it has been genuinely implementing the various policies toward Hong Kong written in the Sino-British Joint Declaration, which have met completely the interests of Hong Kong people and are wholeheartedly supported. The drafting of the Basic Law by the Chinese Government in accordance with the Joint Declaration, in which the Chinese Government announced the drafting of the Basic Law as its basic policy toward Hong Kong, took more than four years, went through drafts and revisions, contains the wisdom of Hong Kong people, and is wholeheartedly supported by them. Now, take a look at Chris Patten's political reform package. Produced in a rush, it has damaged Hong Kong's economic prosperity and political stability. Over the last five months, various circles have offered numerous criticisms and opinions. But he has acted against all of these, deleted only four words from the package, and has gazetted it. It is not difficult to see what he made of public opinion. The British Hong Kong Government is a political organization exercising colonial rule over Hong Kong on behalf of the UK's interests.

Before 1997, when sovereignty over Hong Kong reverts to China, British Hong Kong officials can only be loyal to the British colonial government. This is a fact openly recognized by people, even including Sze Cho-cheung. Chris Patten was obviously misleading and cheating Hong Kong people when he claimed that British Hong Kong officials can represent and reflect the will of the Hong Kong people if they were allowed to participate in talks as official negotiating members.

Fifth, it is only reasonable that the Chinese side allows British Hong Kong officials to assist, as advisers and experts, the work of British Government representatives, although the talks are ones between two sovereign states and should only be conducted between the representatives of the Chinese and British Governments. In discussing specific issues on the talks, China, with an eye for the overall situation of resuming cooperation and ensuring a stable transition, fully took care of the UK's practical needs, and, although it did not accept the participation of Hong Kong officials in the talks with the diplomatic status of official representatives, it still agreed to let them work as advisers or experts in assisting the British Government. This flexible approach on the basis of firmly adhering to the principles reflect China's sincerity and reasonable attitude. However, the UK ignored this and supported Chris Patten's destructive actions against the talks at a time when both sides were nearing agreement on the specific issues concerning the talks. As a result, bilateral talks could not proceed. This fully showed that although the UK did not have any sincerity for the talks although it itself had asked for them. This also indicates that the UK asked for a resumption of talks only because it had earlier openly instigated disputes on the political structure, had been frustrated in its attempt to fob off its political reform package of the "three violations," and had realized that it could not achieve its hidden agenda, and therefore it adopted delaying tactics in order to adjust its policies. If Chris Patten is adamant in running to the end of his course of confrontation and undermining Sino-British talks, he will not be able to absolve himself from the blame of history.

Daily Urges Patten To Stop 'Clumsy Performance'
HK1603064993 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 16 Mar 93 p 5

[Article by A Sha (7093 5446): "Chris Patten Is Tangoing"]

[Text] After gazetting his "political reform package" and thus jeopardizing the Sino-British talks, Chris Patten told British Broadcasting Corporation (BBC) reporters: "It takes two to tango. We have all along maintained an extremely conciliatory attitude and have made every possible effort to suit the Chinese."

Chris Patten, who has become dizzy from his tango, is now making incoherent remarks.

Last October, all of a sudden, Chris Patten, in his capacity as Hong Kong governor, unilaterally dished out a "political reform package." The Chinese side immediately and solemnly stated that there is no room for discussion with regard to the package. In order to restart the Sino-British talks, Chris Patten must abandon his "political reform package" and return to the orbit of the Joint Declaration, the Basic Law, and other relevant agreements and understandings that have been reached between China and the UK. Later on, the British side expressed the hope that China and the UK will hold talks on Hong Kong's 1994-1995 elections. The Chinese side gave a positive response to this. While preparations were being made for the talks, however, Chris Patten had his "political reform package"—which has been firmly rejected by the Chinese side and by the broad masses of Hong Kong compatriots—gazetted in a legislative form in an attempt to bring pressure on the Chinese side. This is indeed an unreasonable and crude act. Chris Patten nevertheless described his act as a "reconciliatory attitude" and as one aimed at "suiting the Chinese." This is truly surprising.

In order to solve the question of Hong Kong reverting to China, China and the UK have held repeated consultations in the past and have signed the Sino-British Joint Declaration as well as other agreements. While Hong

Kong was moving along the road of smooth transition, however, a man called Chris Patten suddenly arrived. He brushed aside the various agreements reached between the Chinese Government and the British Government through their bilateral consultations, advanced a new formula, unilaterally put forth a package of his own, and tried to force it upon the others. He acted this way not because he was ignorant, but because he harbored ulterior motives. There can be no doubt that Chris Patten's "political reform package" has contravened the Sino-British Joint Declaration, the principle of converging with the Basic Law, and various relevant agreements and understandings reached between China and the UK. Chris Patten told a barefaced lie to the Legislative Council members: "We have told the Chinese side that we are willing to hold talks on the basis of the Joint Declaration, the principle of converging with the Basic Law, and the various relevant understandings and agreements reached between China and the UK." He particularly added: "We believe that our proposal fully conforms to all these aspects."

A "politician" with no sense of shame such as this one would well be advised to withdraw his clumsy performance. The tangoing Mr. Chris Patten should stop obstinately pursuing his wrong course!

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